



**DRAFT**

**ANNUAL BUDGET REPORT FOR**

**ABAQULUSI MUNICIPALITY**

**2017/18 TO 2019/20**

**MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## **ABBREVIATIONS AND ACRONYMS**

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*Adjustments Budgets* – Prescribed in Section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

*Allocations* – Money received from Provincial and National Treasury.

*Budget* – The financial plan of a municipality.

*Budget related policy* – Policy of a municipality affecting, or affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy.

*Budget Steering committee* – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the MFMA.

*Capital Expenditure* – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

*Cash Flow Statement* – A statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short-term investments.

*CPI* – Headline Consumer Price Index

*DMTN* – Domestic Medium Term Note

*DORA* – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

*DORB* – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

*Executive Management Team* – A team comprising the Municipal Manager and the Executive Directors. It reports to the Municipal Manager.

*Equitable Share* – A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.

*GDFI* - Gross Domestic Fixed Investment

*GFS* – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

*IDP* – Integrated Development Plan. The main strategic planning document of a municipality.

*KPI* – Key Performance Indicators. Measures of service output and/or outcome.

*MFMA* - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.

**MYPD** – Multi Year Price Determination

**NT** – National Treasury

**Operating Expenditure** – The day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Portfolio Committee** – In line with Section 79 of the Structures Act, the Municipality's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.

**Rates** – Local Government tax based on assessed valuation of a property.

**TMA** – Total Municipal Account

**SCM** - Supply Chain Management

**SDBIP** – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**SFA** – Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.

**Vote** – One of the main segments into which a budget is divided, usually at directorate level.



## Part 1 – Annual Budget

### Mayor's Report

*During the State of the National Address the President remarked that we are guided by the National Development Plan in building a South Africa that must be free from poverty, inequality and unemployment. The economy is not growing fast enough to create the jobs we need, there are some people including the youth who have not worked in years. It is for this reason that government has decided to focus on a few key areas packaged as the nine-point plan to reignite growth to enable the economy to create the much needed jobs. The focus areas include industrialisation, mining, agriculture, energy, small, medium and micro enterprises, managing workplace conflict, attracting investments, growing the oceans economy and tourism, additional cross-cutting areas such as water and sanitation infrastructure have also been added.*

*The extension of basic services to the people continued in the past year as we pursued a better life for all and to date nearly 7 million households have been connected to the grid and now have electricity. The successful execution of the Eskom's build and maintenance programmes helped to ensure stability and an end to load shedding. Government is committed to the overall Independent Power Producer Programme and the programme is being expanded to other sources of energy including coal and gas in addition to renewable energy. Government is also working hard to ensure reliable bulk water supply in the various areas to support economic growth while increasing access to vulnerable and rural municipalities. In an effort to curb high water losses, which in some municipalities exceed the national average, 10000 unemployed youth are being trained as plumbers, artisans and water agents. The government is calling upon municipalities to support the "War on Leaks" programme.*

*During the tabling of the National Budget speech, Minister Gordhan commented in the words of the Freedom Charter, "South Africa belongs to all who live in it"; therefore the values of freedom, dignity and equality are embedded in our law and our polity. During the tabling of the budget for 2017/2018 the message was that the government is once again at a crossroad. Tough choices have to be made to achieve the development outcomes we all seek. Economic growth is slow, unemployment is far too high and many businesses and families are under stress. We need to overcome the inequalities and divisions of our society and all share in a more prosperous future. Change is difficult and often contested. In tough times we must draw strength from the resilience and diverse capabilities of our people, our business sector, our unions and social formations. Our growth challenge is intertwined with our transformation. We need to transform in order to grow and we need to grow in order to transform. Without transformation, growth will reinforce inequality and without growth, transformation will be distorted by patronage.*

*The projected rate of growth is not sufficient to reduce unemployment or impact significantly on poverty and inequality. It falls well short of our NDP goals. In order to boost investment in the short term there are several specific imperatives such as:*

- *Continuing our independent power producer programme, both in renewable and to take advantage of gas investment opportunities*

- Further strengthening of economic regulatory functions and streamlining investment approval processes
- Production-friendly industrial relations and prompt resolution of disputes
- An enabling environment for small enterprises and support through leveraging both public and private sector procurement budgets
- Focussed support on labour-intensive sectors, including agriculture and tourism related services
- Strengthening regional ties and trade links.

To achieve sustained higher growth there are more radical transformation measures that are needed which relate in particular to economic power which include:

- Testing our programmes to ensure that jobs can be created, eliminate poverty and narrow the inequality gap
- Transformation must be mass-based, benefiting the most disadvantaged South Africans through the creation of new assets, capabilities and opportunities to build livelihoods
- Mobilise both private and public investment in social and economic infrastructure, new technologies and new activities that build a modern and diversified economy
- Continue to confront cartels and collusion robustly and provide new opportunities for access to markets
- Transformation must re-shape our towns and build linkages across the rural and urban landscapes, where fragmentation and separation characterised past pattern
- Transformation must achieve a more balanced structure of ownership and control in our economy
- Transformation should build on and strengthen democracy and ensure open, transparent governance
- Transformation must build self-reliance of South Africans, reject the dependence on debt and protect our fiscal sovereignty
- Transformation must result in an economy that belongs to all

The 2017 budget reflects a balance between maintaining our spending commitments and ensuring long-term health of the public finances. Slow economic growth has held us back and so decisive steps are needed to strengthen confidence, investment and growth.

Acting too quickly to reduce the deficit would harm service delivery, delay economic recovery and compromise revenue collection. By acting now to stabilise debt, we will ensure that future generations do not pay for today's expenses.

Government will continue to safeguard expenditure that protects poor households, but medium term expenditure limits are tight. Across all three spheres of government those responsible for deciding how money is spent have to do so with scrupulous rigour and care. It is only right that if households and companies face tough choices in balancing their income and expenses, the same disciplines must be applied in public expenditure.

The division of revenue involves a substantial redistribution of resources from the wealthiest areas in our country where most of the taxes are raised to lower income communities. The allocations to predominantly

*rural municipalities are twice as large per household than to metropolitan councils. This is an enabling foundation to broader transform services and opportunities in our cities, towns are rural areas. Development also requires effective management of public services and promotion of enterprises and income generating activities.*

*In the context of the constrained fiscal environment, provinces have already made progress in reducing spending on non-core goods and services and in controlling personnel costs.*

*The Auditor-General has called for stronger leadership to remedy financial management challenges. Better cash management is needed to ensure suppliers are paid on time. Improved oversight is needed to curb unauthorized expenditure. There must be adherence to procurement rules to limit irregular expenditure.*

*Government continues to invest in improving the financial capability of municipalities. The four main areas are:*

- *The new Municipal Standard Chart of Accounts, which will be implemented from 1 July 2017, contributing to greater transparency and consistency of municipal finances*
- *Targeted supply chain management interventions to achieve cost savings and combat fraud*
- *Enhanced revenue management, including appropriate tariff-setting, regular billing and effective collection systems*
- *Improved asset management, including adherence to 8% of the value of assets being spent on the maintenance of the assets.*

*If we make progress in local financial management, we will transform the lives of millions of people.*

*The budget gives effect to our transformation action agenda by financing government programmes which:*

- *Ensure that many more people live in dignity every year*
- *Radically improve access to services and economic participation across all racial lines*
- *Energise growth and create jobs*
- *Increase investment and development at all three levels of government.*

*Sustainable communities require strengthened intergovernmental cooperation between national government, provinces and municipalities. Improved alignment in the delivery of services such as water, sanitation and electrification is central to achieving the objectives set out in the Integrated Urban Development Framework.*

*Government will pay approximately R500 billion for the delivery of goods and services. Not transfers or hand-outs or cash distributions. The purpose is to acquire the infrastructure and operational inputs required for effective service delivery.*

*The new preferential procurement regulations have been gazetted to achieve the following:*

- *30% of tenders awarded to large firms must go to small or black-owned enterprises, where feasible*
- *Procurement authorities are now empowered to set clear targets to promote black-owned and women-owned businesses, participation of youth and disabled persons and opportunities for rural enterprises and co-operatives*

- *South African suppliers will enjoy preference in respect of goods with significant local content, thus supporting job creation.*

*Further procurement reforms will be published this year. It will establish a single procurement authority and will consolidate the currently fragmented regulatory environment.*

*The central supplier database is now fully operational and makes doing business with the state much easier and cost effective. It enables government to know who it is doing business with and to use technology to reduce opportunities for fraud and corruption.*

*Government will continue to monitor progress to ensure that suppliers who have met their delivery obligations are paid within 30 days.*

*During the State of the Province address, Premier Mchunu mentioned that the KZN Provincial Government will move with speed to achieve higher rates of economic growth that will result in job creation and assist in reducing unemployment. The day was rededicated to the defense of the human rights which are guaranteed in our constitution, the basic law of the land.*

*Through the Department of Arts and Culture, the Office of the Premier and municipalities a series of events will be rolled out aimed at celebrating the contribution made by OR Tambo towards the dismantling of apartheid. These events will be used to unite our people to celebrate the dawn of the new democratic dispensation. This will communicate a strong message that the people of KZN are one big family united in diversity. It is this diversity that makes us a unique country. We need to have common concerns and aspirations about the future of our province and country. The passion we need to share is the creation of an integrated non-racial society enjoying freedom, living in a safe and prosperous province.*

*The pride of our respective political parties and of personal ambition must not obscure the focus of promoting unity amongst our people. Unity refers to working together, cooperatively for a common purpose. This unity requires discipline, mutual respect, openness and trust. Working together on a joint programme of action to ensure its successful implementation. Equally, unity is not about agreeing on any issue without debate and gullibly swallowing information without analysis and questioning. Unity is about exercising tolerance to divergent views and accommodating different suggestions and not forcing undigested ideas for implementation without comprehension.*

*Our approach is to look critically at what it is that we had set to achieve previously and to acknowledge the gains we have made, but at the same time to be open and frank about areas where we have not achieved or failed.*

*The lingering drought remains a problem even though good rainfall has been experienced recently. It must be understood that we are approaching the end of our rain season and most dam levels still remain low.*

*The substation effort by National, Provincial and Local spheres of government must be acknowledged for the interventions made by drilling more boreholes, installing mobile packaged plants in areas severely affected and the acquisition of more water tankers to distribute the water. The province is still not achieving its water saving targets; too many people still do not want to understand the severity of the situation and not responding positively to calls to adhere to water restrictions.*

*The Department of Cooperative Governance and Traditional Affairs and disaster management teams are far more responsive today than ever before and become more proactive and forward looking in the way they discharge their duties.*

*During August 2016 local government elections took place and the objective of peaceful, smooth, free and fair elections were largely met and the transition of leadership in the local government was achieved.*

*COGTA have provided extensive support to the municipalities through the coordinated Back 2 Basics Programme. This programme has supported and guided municipalities to what can be described as a smooth transition into the fourth term of Local Government in the Province.*

*The position of Provincial Government has been clear, where there are problems, let's all engage and find solutions. Intimidation and violence will not resolve differences; instead it will deepen divisions and complicate the situation. Public protests associated with the destruction of property and intimidation of innocent members of the public will be dealt with harshly. We condemn in the strongest terms the disruption of service delivery, intimidation and interruption of construction by those who demand to be given tenders.*

*In our assessment we have realised the silo approach involving different government departments is ineffective. The central coordination of activities and sharing of resources will ensure maximum impact on the ground.*

*In order to build a compassionate society we need to ensure that we are not sitting in our homes grinding hatred and anger but generating thoughts that are pure. It starts with a peace loving and cohesive family which becomes the glue to cohesive communities and a nation. We can therefore never underestimate the role of a stable home and family as probably the most effective counter to many of the unacceptable behaviour we see around us, as well as the social ills we have come to witness with disgust. We all need to work together, as partners to deal with the whole aspect of building the spirituality of all our people in the neighbourhood so that anyone who visits must always remember the smiles and the warmth of the local people.*

*Crime and violence remain a key concern and citizens have clearly indicated that they are not feeling safe and businesses have raised concerns about risks and losses. It is understood that the rate of crime and violence must be reduced to improve the socio-economic conditions our communities live in. The situation is further aggravated by widespread social ills, such as substance abuse, gender based violence and teenage pregnancies, creating a downward spiral of moral decay and increased criminality.*

*Road safety and traffic accidents fatalities have become a serious concern with the loss of productive citizens and negative economic consequences.*

*We will continue to assist vulnerable children such as abused and orphans, youth in distress, homeless children, those from unstable families and those in conflict with the law. We want to create safety nets to save them from joining the pool from which hardened criminals recruit.*

*Business leaders, churches, religious bodies and other community organisations must emphasise moral values in support of family teachings and thereby create a network that promotes an environment where human rights are respected.*

*The National Development Plan identifies steps that need to be taken to promote the values and principles of public administration contained in the Constitution to build an efficient, effective and development oriented public service as part of a capable and developmental state. The NDP highlights the need for well-run and effectively coordinated state institutions with skilled officials who are committed to the public good and capable of delivering consistently high quality services.*

*Whilst we recognise the need for specialist service providers and understand that some skills are not easy to in source, it has been noted there is an over reliance on external service providers and consultants in some departments. It has been resolved to keep a careful watch on the appointment and use of consultants to ensure we get value for money and where possible eliminate altogether.*

*Sustained focus is required to improve intergovernmental relations between the various spheres and institutions of government in the Province. The inter-related nature of powers and functions assigned to the respective spheres of government requires a strong basis for integration, coordination and alignment.*

*Government can only be effective in delivering on the needs of our people if it is served by professional, dedicated and loyal officials who take pride in their work and are committed to eradicate all forms of corruption.*

*We will deal firmly with fraudulent issuing of tenders and contracts to undeserving companies who advance cash, not proof of quality and capacity to perform as a basis of successful awarding of contracts. We need the co-operation of the private sector in order to turn around the situation. The private sector must assist by not offering bribes to state employees involved in procurement processes. We are sad to acknowledge there are still officials who are not interested but who are constantly looking for opportunities to serve themselves. We undertake to strengthen the implementation of I DO RIGHT campaign in the public service to promote ethical standards.*

*Job creation remains central to achieving our objectives of inclusive growth, radical structural economic transformation, distributing the benefits of growth more widely and consequently reducing dependency on the welfare system by broadening economic participation. The pattern and pace of economic growth needs to be adjusted and accelerated to achieve this outcome. It continues to require investment and interventions by both the public and private sectors to enable a conducive environment to further stimulate the generation of employment opportunities and inclusive economic growth.*

*Government needs to be increasingly efficient and innovative, in view of increasingly limited financial and human resources relative to what is required to achieve its development goals.*

*We need to continually interrogate our procurement practices to promote opportunities for local small contractors, however it must not be done at the expense of quality and therefore training and development of SMME's is a priority.*

*Provincial Treasury have been requested to ensure that supply chain management processes, procedures, structures, policies, practices and decisions are reviewed to advance radical economic transformation in KZN. Treasury is in the process of issuing a circular to all government departments and municipalities to amend their supply chain management policies and to make provision for appropriate set asides.*

*We recognise our responsibility towards the rights and interests of vulnerable groups in our society such as children, pregnant women, elderly people and people who are disabled or differently-abled people. Poverty and its consequences such as malnutrition, homelessness, poor housing and destitution is a major contributor to this vulnerability. If an activity is not measured it will not be undertaken and improved systematically. Women are over-represented where poverty, inequality, unemployment and gender based violence is measured. Government needs to fast-track the entry of women and youth into the mainstream economy through women and youth owned businesses.*

*Critically it was resolved that political leaders have a responsibility to act locally and collectively to make our towns and villages inclusive, safe, resilient, sustainable and healthy.*

*The Province of KZN has had to absorb severe budget cuts over the last financial year and has put measures in place to ensure that the impact of service delivery is minimised as far as practically possible.*

*Municipal budgets have also been affected by the abovementioned factors and equitable shares had to be revised. This has put pressure on prudent financial management to achieve an equitable balance between delivery of expectations and the ability to deliver.*

*The province remains focussed on fiscal discipline and various departments are giving buy-in. Cost-cutting has become a way of life in the province and any savings realised are directed towards service delivery projects for the betterment of the lives of our people.*

*On tabling the KZN Provincial Budget in 2016, MEC for Finance Ms B Scott mentioned that as a result of the subdued economic outlook as well as the need to provide additional funding to new social spending priorities, it was necessary to intensify the fiscal consolidation programme, alongside additions to the budget, while also ensuring the protection of basic social services as far as possible.*

*Provincial Treasury has reviewed the daily cash balances held in the provincial bank account and has noted a decline in the balances held compared to the same time last year. This has resulted in a decrease in the interest revenue budget that was anticipated to be earned which directly impacts on the resources available for allocation to departments. All departments were requested to prepare a plan that shows against which programmes or projects these budget cuts are to be effected whilst ensuring the key government programmes which have a major impact on economic spend and job creation are protected. Let us strive to see the positive by eliminating inefficiencies in our spending so as to free resources for service delivery.*

*The development of a Provincial Infrastructure Master Plan for the province is well underway and being developed with all infrastructures related authorities. The key areas being focused on are water, sanitation, electricity, ICT as well as specialist infrastructure to support lead economic sectors in the province. Infrastructure development is the foundation for poverty reduction and economic growth.*

*The cost-cutting measures first implemented in 2009/10 remain in place. These will be re-issued to all departments as a reminder to focus our resources on service delivery spending.*

*The department's budget allocation is for financial management (for general oversight of all departments and municipalities budget processes), internal audit, SCM, as well as support for transversal and interlinked financial systems. In addition, the department will continue to implement a number of transversal projects,*

such as Operation Pay-on-Time, Operation Clean Audit, elimination of irregular expenditure, Municipal Support Programme, among others.

Despite the budget cuts, our commitment to the people of KZN is that we will protect government's key priority programmes that are aimed at bringing a better life to all. This is in line with the province's commitment to achieving the vision of KZN as a "Prosperous province with a healthy, secure and skilled population, living in dignity and harmony, acting as a gateway to Africa and the world".

Our proven fiscal discipline will help us deal with the budget cuts while remaining focused on our key priority programmes. Adhering to the cost-cutting measures is not only the responsibility of Provincial Treasury. We all have a role to play to ensure that these cuts are first directed at 'nice-to-have' spending areas and thereby try to avoid cutting core service delivery areas. We must improve efficiencies in our spending so that we can re-direct more and more funds to core service delivery programmes for the benefit of our people.

As it is clear that the municipality is literally cash strapped, over and above cost containment measures preferred by the National Treasury, the municipality needs to adopt a bold and radical approach in its revenue enhancement program. As a matter of utmost urgency the municipality needs to consider the following from March ongoing:

- ✓ Clean up and compile a credible consumer database
- ✓ Migrate to Smart metering for water and electricity
- ✓ Disconnect fraudulent consumers, in all respects
- ✓ Provide and replace water meters
- ✓ Reconnect and ration water to consumers
- ✓ De-silt the dams as a matter of top priority
- ✓ Migrate to solar street lighting
- ✓ Clean up the indigent register
- ✓ Source funding from National Departments
- ✓ Pursue the DBSA negotiations held earlier
- ✓ Consider developing a regional shopping mall and satellite zonal shopping centers
- ✓ Devise effective, tried and tested ways of increasing revenue on parking lots
- ✓ Explore possibilities of municipal commuter ranks
- ✓ Bill plots that are not looked after and infected with rodents and snakes
- ✓ Rehabilitate our environment
- ✓ Improve tourist attraction
- ✓ Make a foot print on local economic development
- ✓ Update the water distribution register
- ✓ Deal with employment costs specifically overtime
- ✓ Review our finance related policies as soon as possible to circumvent high tariff increases
- ✓ Using funds for purposes they are meant for and have time-lined implementation plans
- ✓ S&T usage needs verification and approval. Fraudulent claims should stop
- ✓ Ward IDP

### **Highlights**

- The municipality again obtained an unqualified audit opinion and is now focusing on the outstanding items to obtain a clean audit.



*I would like to thank all members of this Council, including all representatives of all political parties and all members of the administration for their contributions made. A budget is defined as “a plan for spending money wisely” and the administration under the Acting Municipal Manager and the CFO and his team are trying to install strict fiscal discipline. I would further like to thank all members of the public who assisted and took part in putting the municipality on the winning path. Every input, suggestion and all active participation is valued. Abaqulusi Municipality is an example of what can be achieved with a partnership of an active and participating community and a responding Council. We must never forget that this is the purpose of local government and that we are mere servants placed here to serve our community. I would also like to thank all sectors of the community who still need upgrading of services and facilities who have been patiently waiting with us to achieve it. Trust us we are equal to the task.*

*Mr Speaker I am humbled by the huge task entrusted to me as leader of this Council and the opportunity to table this Draft Budget to better serve our people. My team and I would like to ensure every citizen of Abaqulusi that we shall work tirelessly and leave no stone unturned to create a community of excellence for all with the funds entrusted to us. Trust us we will gradually achieve this*

*Thank you*

## Council Resolutions

On 27 March 2017 the Council of Abaqulusi Local Municipality met in the Council Chambers of Abaqulusi Municipality to consider the draft annual budget of the municipality for the financial year 2017/18. The Council noted the following draft resolutions:

1. The Council of Abaqulusi Local Municipality, acting in terms of Section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The Annual Budget of the municipality for the Financial Year 2017/18 and the Multi-Year and Single-Year Capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 50;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 53;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 57; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 61.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 63;
    - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 66;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 68;
    - 1.2.4. Asset management as contained in Table 26 on page 71; and
    - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 75.
2. The Council of Abaqulusi Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017 the proposed tariffs of Abaqulusi Municipality
3. To give proper effect to the municipality's annual budget, the Council of Abaqulusi Local Municipality approves:
  - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by Section 8 of the Municipal Budget and Reporting Regulations.

4. *The Council of Abaqulusi Local Municipality approves and adopts with effect from 1 July 2017 all budget related policies.*
6. The MFMA Circular No 72 indicates that all municipalities must formulate service Level Standards which must form part of the 2017/18 tabled MTREF budget documentation. The Service Level Standards need to be tabled before the Council for formal adoption.

The setting of standards is an integral part of the service delivery value chain. It provides transparency in understanding performance indicators and strengthens the entire performance management system. In addition it ensures accountability on the part of the officials responsible for providing the service.

Local government is mostly classified in the service delivery and governance category and as such needs to be clear on what the public at large can expect as a service delivery standard. Rate payers must be placed in a position by which they are able to measure the service outputs against the predetermined service standards. This also serves as a performance rating instrument at an organisational and individual level.

It is for this reason that the municipality must adopt service standards as part of our strategic objectives and report on the achievements.

The service standards must at a minimum incorporate the administrative, technical and economic development categories of the municipality.

The following are to be considered for use:

Administrative service standards

- Turnaround time in dealing with correspondence received
- Turnaround time in opening a consumer account

Technical service standards

- Turnaround time in dealing with reported incidents (water leakage, potholes, power outages, etc.)
- Turnaround time in restoring water and electricity connectivity

Economic development service standards

- Turnaround time in processing rezoning applications
- Turnaround time in processing building plans
- Turnaround time in processing special business applications

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate funds will be transferred from low- to high priority programmes so as to maintain sound financial stewardship. A critical review will also be undertaken of expenditure on non-essential and 'nice-to-have' items. 2017/18 MTREF was drafted in context of an economy that is not projected to grow supported.

The draft budget for the 2017/18 MTREF period is based on the realisation that revenues and cash flows are expected to remain under pressure in 2017/18 and the municipality must adopt a conservative approach when projecting expected revenues and cash receipts. The municipality must further in terms of MFMA Circular 85 & 86 carefully consider the affordability of tariff increases especially in relation to domestic consumers which makes up the bulk of the municipality's revenue base whilst considering the level and quality of services versus the associated cost.

The draft budget was compiled by ensuring that the financial management processes are transparent, aligned to the accountability cycle and facilitate good governance that is accountable to the local community. Public perception shows high levels of unhappiness with service delivery and perceived corruption at municipalities and sound leadership is required as well as measures put in place to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

The draft budget supports the provision of basic services to the communities, facilitating social and economic development, promoting a safe and healthy environment in a sustainable manner.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- Ensuring the timely delivery of capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view of removing any bottlenecks to investment and job creation.
- Under spending on repairs and maintenance – often seen as a way to reduce short term spending which shortens the life of assets, increases long term maintenance and refurbishment costs and causes a deterioration in the reliability of our infrastructure
- Spending on non-priorities – including unnecessary travel, luxury furnishings, excessive catering and the use of consultants to perform routine tasks.
- Not just employing more people without any reference to the level of staffing required delivering effective services. The municipality must through fully

participating in the Expanded Public Works Program focus on maximizing its contribution to job creation by ensuring that service delivery and capital projects use labour intensive methods wherever appropriate and implement interns programmes to provide young people with on-the-job training.

- Collecting outstanding debts – this requires political commitment, sufficient administration capacity and pricing policies that ensure that bills are accurate and affordable.
- Pricing services correctly – the full cost of services must be reflected in the tariffs charged to consumers who can afford to pay. Overly generous subsidies and rebates that result in services running at a loss cannot be entertained.

*The following budget principles and guidelines directly informed the compilation of the draft 2017/18 MTREF:*

- The 2016/17 Adjustment Budget priorities and targets, as well as the base line allocations contained in the Adjustment Budget.
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Tariff and property rate increases should be affordable and try not to exceed inflation as measured by the CPI, except where the price increases in the services that are beyond the control of the municipality, i.e. ESKOM.
- No budget has been allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the Division of Revenue Act gazette.

National Treasury has issued a Circular (MFMA Circular No 64) giving guidance to municipalities of what should be done to maximise the revenue generating potential of existing sources of revenue such as property rates and trading services. Further Circulars will be issued by National Treasury to guide municipalities in developing credible revenue frameworks by reaffirming the fundamental principles of costing, revenue management and revenue enhancement.

Revenue management is described as a fundamental and routine financial management function of the municipality's revenue generating business that includes billing and collection activities in respect of trading services and property rates.

Revenue enhancement is about improving by making more, in the case of municipal revenue it is associated with increasing the value of revenue generated. Revenue enhancement can be broken into two components. The first being national policy developments that give rise to additional sources of revenue from government (grant funding) and the second component is the ability of the municipality to grow its own revenue base.

MFMA Circular No 58 advises that the municipality must ensure that the billing systems are accurate; accounts are sent out to residents on a monthly basis and follow-up to collect revenue owed to the municipality.

In terms of MFMA Circular No 64 the main responsibility of the municipality is to deliver services. In terms of Section 75A of the Municipal Systems Act the municipality is allowed to levy and recover fees, charges or tariffs in respect of municipal service delivery functions and recover collection charges and interest on outstanding amounts. The municipality must adopt by-laws to give effect to the implementation and enforcement of the tariff policies.

Revenue generation is everyone's responsibility, not just that of the revenue Section. The municipality must effectively manage all functions that impact protecting and growing the revenue base. The implementation of internal controls along the revenue value chain will aid effective data handovers; utilising system data validation mechanisms and ensuring that service level standards are fundamental to ensuring the integrity of the billing data but are advised to stay away from costly data cleansing exercises.

The following are fundamental to maximising the existing revenue:

- Billing system that correctly reflects all billing and customer information required to issue accurate accounts to consumers.
- All property within the municipal jurisdiction must be correctly valued and the billing system must be updated with any change in property ownership. This is necessary to protect and grow the property rates base.
- Effective business processes to ensure new property development as well as improvements to existing properties are valued as required.
- Correct categorisation of properties.
- Water and electricity meter numbers must be recorded correctly and linked to corresponding property.
- Continual maintenance of water and electricity meters to minimise losses due to leakages or incorrectly metered consumption.
- Accurate meter reading and minimising the amount of meter reading estimates.
- Refuse and sanitation service charges must be included in all billing records and the municipality must ensure these services are not run at a loss.
- Billing queries to be resolved within reasonable timeframes.
- Municipal functions must be adequately staffed with competently skilled individuals who understand the job requirements and how to deliver on it.

The Circular further advises municipalities to table "surplus" budgets. To achieve this the municipality must ensure cost reflective tariffs; operation efficiencies; maximising revenue regenerating potential of own revenue sources and a productive workforce and sound decision making to ensure that the limited financial resources are spent wisely so that value for money is achieved.

National Treasury's MFMA Circular No. 75, 78, 79, 85 and 86 was used to guide the compilation of the Draft 2017/18 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the Draft 2017/20 MTREF**

|   | <b>Adjustment<br/>Budget 2016 /<br/>2017</b> | <b>Draft Budget<br/>Year 2017 /<br/>2018</b> | <b>Draft Budget<br/>Year + 2018 /<br/>2019</b> | <b>Draft Budget<br/>Year +2 2019 /<br/>2020</b> |
|---|--|--|--|---|
|   | <b>R Thousand</b>                            | <b>R Thousand</b>                            | <b>R Thousand</b>                              | <b>R Thousand</b>                               |
| Total Operating Revenue                                     | 468,287                                      | 483,858                                      | 525,640  | 564,973   |
| Total Operating<br>Expenditure including non-<br>cash items | 561,838                                      | 589,991                                      | 638,036  | 684,000   |
| (Surplus) / Deficit for the<br>Year                         | 93,551                                       | 106,133                                      | 112,396  | 119,026   |
| <b>Total Capital Expenditure</b>                            | <b>51,941</b>                                | <b>61,187</b>                                | <b>63,655</b>                                  | <b>66,322</b>                                   |

Total operating revenue has increased by R 15, 5 million for the 2017/18 financial year when compared to the 2016/17 Adjustment Budget. For the two outer years, operational revenue will increase, equating to a total revenue growth of R 96, 6 million over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R 589, 9 million and translates into a budgeted operating deficit of R 106, 1 million for non-cash items. When compared to the 2016/17 Adjustment Budget, operational expenditure has increased by 6, 1% in the 2017/18 budget and 5, 9% and 5, 9% increases for each of the respective outer years of the MTREF.

The capital budget of R 61, 1 million for 2017/18 is 17% more when compared to the 2016/17 Adjustment Budget. The increase is due to MIG allocation which was reduced during the Adjustment Budget for 2016/17 as well as less grant funding from INEG during 2017/18. The capital program increases to R 63, 6 million in the 2018/19 financial year due and then increases to R 66, 3 million in 2019/20 due to an increase in MIG. A portion of the capital budget will be funded from internally generated funds in each of the financial years of the MTREF. Capital from government grants and transfers amounts to R 52,7 million which is R 7,6 million **MORE** than the 2016/17 financial year. MIG amounting to R 37, 7 million and INEG of R 15 million with capital from own funds of R 8 million

### **Operating Revenue Framework**

For Abaqulusi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 92% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the Draft 2017/18 MTREF (classified by main revenue source):



**Table 2 Summary of revenue classified by Main Revenue Source A4**

| Description  | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand   | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Revenue By Source</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 2   | 49 942          | 59 010          | 59 014          | 64 184               | 63 500          | 63 291             | 63 291            | 65 000  | 68 835                 | 72 896                 |
| Service charges - electricity revenue                                | 2   | 138 393         | 143 521         | 160 862         | 175 988              | 167 101         | 159 014            | 161 915           | 173 132   | 189 384                | 207 162                |
| Service charges - water revenue                                      | 2   | 34 062          | 33 944          | 32 026          | 38 321               | 15 940          | 11 874             | 13 786            | 16 912  | 18 688                 | 20 646                 |
| Service charges - sanitation revenue                                 | 2   | 15 576          | 21 214          | 18 401          | 20 458               | 19 580          | 16 518             | 22 042            | 20 794  | 23 109                 | 25 670                 |
| Service charges - refuse revenue                                     | 2   | 11 284          | 12 446          | 13 891          | 14 806               | 14 430          | 14 239             | 18 904            | 15 325  | 17 060                 | 18 982                 |
| Service charges – other  |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Rental of facilities and equipment                                   |     | 1 189           | 1 297           | 1 223           | 1 463                | 1 497           | 1 268              | 1 268             | 1 145   | 1 214                  | 1 287                  |
| Interest earned - external investments                               |     | 4 369           | 3 166           | 1 730           | 1 956                | 1 250           | 1 973              | 1 973             | 1 750   | 1 853                  | 1 963                  |
| Interest earned - outstanding debtors                                |     | 5               | –               | 15              | 16                   | 13              | 13                 | 13                | 13  | 14                     | 15                     |
| Dividends received   |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Fines, penalties and forfeits  |     | 9 375           | 8 297           | 8 621           | 1 713                | 1 108           | 1 155              | 1 155             | 2 010   | 2 129                  | 2 254                  |
| Licences and permits   |     | 4 415           | 4 063           | 4 236           | 4 493                | 4 250           | 4 172              | 4 172             | 4 443   | 4 705                  | 4 982                  |
| Agency services  |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Transfers and subsidies  |     | 163 051         | 113 621         | 112 829         | 114 588              | 114 588         | 114 588            | 114 588           | 124 650   | 135 522                | 143 762                |
| Other revenue  | 2   | 43 348          | 45 828          | 60 993          | 2 218                | 49 800          | 2 762              | 2 762             | 42 511  | 45 999                 | 47 215                 |
| Gains on disposal of PPE   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |     | <b>475 009</b>  | <b>446 406</b>  | <b>473 843</b>  | <b>440 205</b>       | <b>453 057</b>  | <b>390 868</b>     | <b>405 870</b>    | <b>467 684</b>                                      | <b>508 512</b>         | <b>546 834</b>         |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant % of the revenue basket for the Municipality.

Service charge revenues comprise more than 48, 36% of the total revenue mix. In the 2017/18 financial year, revenue from services charges is expected to total R 226, 1 million. This increases to R 248, 2 million and R 272, 6 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 KZN263 SA1 (see page 99).

Property rates is the second largest revenue source totalling 13, 9 % or R 65 million rand and increases to R 72, 8 million by 2019/20.

The third largest sources is “other revenue” which consists of various items such as income received from permits and licenses, building plan fees, connection fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related. The anticipated revenue from other revenue is R 12, 4 million.

Operating grants and transfers totals R 114, 5 million in the 2016/17 financial year and increases to R124, 6 million for 2017/18. Note that the year-on-year growth is 6% and 6% in the two outer years.

The municipality hopes to receive additional funding which will be applied to address:

- Compensation for rising costs of providing free basic water and electricity to poor households.
- Accelerate provision of access to clean water through bulk and reticulation projects.
- Accelerate provision of access to electricity and improving the sustainability of access through the refurbishment of key infrastructure.
- Expand the collection and use of data on the condition of municipal roads.
- Increase the number of interns with infrastructure-related skills. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts – SA18 – Transfer &amp; Grant Receipts

| Description                                   | Ref  | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand                                    |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>RECEIPTS:</b>                              | 1, 2 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>- Operating Transfers and Grants</b>       |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                          |      | 101 839         | 109 287         | 129 193         | 130 907              | 130 907         | 130 907            | 135 598   | 146 269                | 154 310                |
| Local Government Equitable Share              |      | 89 399          | 96 203          | 106 246         | 107 884              | 107 884         | 107 884            | 117 393   | 129 314                | 137 095                |
| Finance Management                            |      | 1 550           | 1 698           | 1 600           | 1 625                | 1 625           | 1 625              | 1 700   | 1 955                  | 2 215                  |
| Integrated National Electrification Programme |      | 9 000           | 9 000           | 19 000          | 20 000               | 20 000          | 20 000             | 15 000  | 15 000                 | 15 000                 |
| EPWP Incentive                                |      | 1 000           | 1 376           | 1 417           | 1 398                | 1 398           | 1 398              | 1 505   | -                      | -                      |
| Municipal Systems Improvement                 |      | 890             | 1 010           | 930             | -                    | -               | -                  | -   | -                      | -                      |
| Other transfers/grants [insert description]   |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                        |      | 5 497           | 4 353           | 5 522           | 3 681                | 3 681           | 3 681              | 4 052   | 4 253                  | 4 452                  |
| Sport and Recreation                          |      | 143             | 151             | 4 772           | 3 681                | 3 681           | 3 681              | 4 052   | 4 253                  | 4 452                  |
| Provincial Library Grant                      |      | 2 592           | 2 700           |                 |                      |                 |                    |   |                        |                        |
| Cyber Cadet Grant                             |      | 240             | 252             |                 |                      |                 |                    |   |                        |                        |
| Thusong Centre                                |      | 2 522           | 1 250           | 750             | -                    | -               | -                  | -   | -                      | -                      |
| Other transfers/grants [insert description]   |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| District Municipality:                        |      | 50              | -               | -               | 100                  | -               | -                  | 100   | 100                    | 100                    |
| ZDM   |      | 50              | -               | -               | 100                  | -               | -                  | 100   | 100                    | 100                    |
| Other grant providers:                        |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| [insert description]                          |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Operating Transfers and Grants</b>   | 5    | 107 386         | 113 640         | 134 715         | 134 688              | 134 588         | 134 588            | 139 750   | 150 622                | 158 862                |
| <b>Capital Transfers and Grants</b>           |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                          |      | 29 907          | 34 158          | 39 566          | 35 078               | 25 078          | 25 078             | 37 740  | 39 769                 | 41 911                 |
| Municipal Infrastructure Grant (MIG)          |      | 29 907          | 34 158          | 39 566          | 35 078               | 25 078          | 25 078             | 37 740  | 39 769                 | 41 911                 |

|   |   |         |         |         |         |         |         |         |         |         |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Other capital transfers/grants [insert desc]        |   |         |         |         |         |         |         |         |         |         |
| Provincial Government:                              |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Other capital transfers/grants [insert description] |   |         |         |         |         |         |         |         |         |         |
| District Municipality:                              |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| ZDM   |   |         |         |         |         |         |         |         |         |         |
| Other grant providers:                              |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| [insert description]                                |   |         |         |         |         |         |         |         |         |         |
| Total Capital Transfers and Grants                  | 5 | 29 907  | 34 158  | 39 566  | 35 078  | 25 078  | 25 078  | 37 740  | 39 769  | 41 911  |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS                |   | 137 293 | 147 798 | 174 281 | 169 766 | 159 666 | 159 666 | 177 490 | 190 391 | 200 773 |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. The municipality must however take into account the labour and other input costs of services, the need to ensure financial sustainability, local economic conditions, the affordability of services, the indigent policy. An appropriate balance between the interests of poor households, other consumers and financial sustainability needs to be maintained as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of ESKOM bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. Based on NERSA's approval of a 0.31% increase to Eskom as per MFMA Circular 86. The municipality has allowed overall for a 6% increase.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

### **Property Rates**

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Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The percentage increase for property rates is 6, 1%. All households receive a rebate on the first R 15,000 and indigent residents a further R 65,000.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 % rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 % (calculated on a sliding scale) will be granted to owners of rate-able property if the total

gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100% grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 6, 1 % increase from 1 July 2017 is contained below:

**Table 4 Comparison of proposed rates to be levied for the 2017/18 financial year**

| <b>Category</b>                               | <b>Current Tariff<br/>(1 July 2016)</b> | <b>Proposed tariff<br/>(from 1 July 2017)</b> |
|---|---|---|
|   | <b>C</b>                                | <b>C</b>                                      |
| <i>Residential properties</i>                 | 0,0075422                               | 0,0080023                                     |
| <i>State owned properties</i>                 | 0,0188556                               | 0,0200058                                     |
| <i>Business &amp; Commercial</i>              | 0,0188556                               | 0,0200058                                     |
| <i>Agricultural</i>                           | 0,0018857                               | 0,0020007                                     |
| <i>Vacant land</i>                            | 0,0188556                               | 0,0200058                                     |
| <i>Municipal rateable – Residential</i>       | 0,0075422                               | 0,0080023                                     |
| <i>Industrial</i>                             | 0,0188556                               | 0,0200058                                     |
| <i>Non-permitted use/Illegal usage</i>        | 0,0188556                               | 0,0200058                                     |
| <i>Public benefit organisation properties</i> | 0,0018857                               | 0,0020007                                     |
| <i>Special consent</i>                        | 0,0188556                               | 0,0200058                                     |

### 1.3.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2017. This has not been possible due to the severe drought in the Abaqulusi area.

To mitigate the need for water tariff increases, municipalities are encouraged to put in place appropriate strategies to limit water losses to acceptable levels. Water losses have increased from 46% in 2014/15 to 54% in 2015/16 and further increased to 56, 05% in 2016/17.

Zululand District Municipality as well as Abaqulusi municipality has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that the current infrastructure is unlikely to sustain its long-term ability to supply water and the District Municipality will have no other choice but to provide funding for infrastructure upgrades.

A tariff increase of 6, 1% from 1 July 2017 for water is proposed. In addition 6 kl water per 30-day period will again be granted free of charge to all indigent community members.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 5 Proposed Water Tariffs**

| CATEGORY                               | CURRENT TARIFFS<br>2016/17 | PROPOSED TARIFFS<br>2017/18 |
|--|----------------------------|-----------------------------|
|  | Rand per kl                | Rand per kl                 |
| <b>RESIDENTIAL</b>                     |                            |                             |
| (i) 0 to 6 kl per 30-day period        | 9.49                       | 10.07                       |
| (ii) 6.01 to 30 kl per 30-day period   | 9.49                       | 10.07                       |
| (iii) 30.01 to 99 kl per 30-day period | 10.26                      | 10.89                       |
| (iv) More than 99.01 per 30-day period | 11.79                      | 12.51                       |
| <b>BUSINESS</b>                        |                            |                             |
| (i) 0 to 6 kl per 30-day period        | 9.49                       | 10.07                       |
| (ii) 6.01 to 30 kl per 30-day period   | 9.49                       | 10.07                       |
| (iii) 30.01 to 99 kl per 30-day period | 10.26                      | 10.89                       |
| (iv) More than 99.01 per 30-day period | 11.79                      | 12.51                       |

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 6 Comparison between current water charges and increases (Domestic)**

| <b>Monthly consumption</b> | <b>Current amount payable</b> | <b>Proposed amount payable</b> | <b>Difference (Increase)</b> | <b>Percentage change</b> |
|----------------------------|-------------------------------|--------------------------------|------------------------------|--------------------------|
| <b>kℓ</b>                  | <b>R</b>                      | <b>R</b>                       | <b>R</b>                     |                          |
| <b>20</b>                  | 189.86                        | 201.44                         | 11.58                        | 6.1%                     |
| <b>30</b>                  | 284.79                        | 302.16                         | 17.37                        | 6.1%                     |
| <b>40</b>                  | 410.52                        | 435.56                         | 25.04                        | 6.1%                     |
| <b>50</b>                  | 513.15                        | 544.45                         | 31.30                        | 6.1%                     |
| <b>80</b>                  | 821.04                        | 871.12                         | 50.08                        | 6.1%                     |
| <b>100</b>                 | 1179.20                       | 1251.13                        | 71.93                        | 6.1%                     |

The tariff structure of the 2016/17 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R12.51 per kilolitre for consumption in excess of 99kℓ per 30 day period.

### **Sale of Electricity and Impact of Tariff Increases**

NERSA has announced the revised bulk electricity pricing structure. Eskom increase in the bulk electricity tariff to municipalities which will be effective from 1 July 2017 approved by NERSA of 0.31% increase guidelines for municipalities.

NERSA for the past 5 years in a row has allowed Eskom to increase its tariff to municipalities higher than what municipalities may charge their consumers and this continues to have a negative impact on the municipality's revenue from electricity and is starting to impact on the maintenance of the electrical infrastructure and the Section continues to show a deficit. An analysis of the municipality's consumption patterns is being done to calculate more accurate tariffs and submitted to NERSA for approval. The tariff increase is 6, 1%. The Section is supposed to be ring fenced, but due to the theft of electricity due to tampering and bypassing of meters is not possible.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

**Table 7 Comparison between current electricity charges and increases (Domestic) `**

| <b>DESCRIPTION</b>                                | <b>APPROVED<br/>TARIFFS<br/>2016/2017</b> | <b>PROPOSED<br/>TARIFFS<br/>2017/2018<br/>6.1%</b> | <b>PROPOSED<br/>TARIFFS<br/>2018/2019<br/>6.1%</b> | <b>PROPOSED<br/>TARIFFS<br/>2019/2020<br/>6.1%</b> |
|---|---|--|--|--|
| <b><u>Domestic (Conventional)</u></b>             |   |  |  |  |
| Basic charge                                      | <b>R 69.42</b>                            | <b>R 73.65</b>                                     | <b>R 78.00</b>                                     | <b>R 82.52</b>                                     |
| Demand side management levy                       |   |  |  |  |
| Network charge                                    |   |  |  |  |
| Cost per unit kWh - 0-50kwh - step tariff<br>6.1% | <b>R 0.86</b>                             | <b>R 0.92</b>                                      | <b>R 0.97</b>                                      | <b>R 1.03</b>                                      |
| Cost per unit kWh - 051-350kwh -step tariff       | <b>R 1.20</b>                             | <b>R 1.27</b>                                      | <b>R 1.35</b>                                      | <b>R 1.43</b>                                      |



| <b>DESCRIPTION</b>   | <b>APPROVED<br/>TARIFFS<br/>2016/2017</b> | <b>PROPOSED<br/>TARIFFS<br/>2017/2018</b> | <b>PROPOSED<br/>TARIFFS<br/>2018/2019</b> | <b>PROPOSED<br/>TARIFFS<br/>2019/2020</b> |
|--|---|---|---|---|
|  |   | <b>6.1%</b>                               | <b>6.1%</b>                               | <b>6.1%</b>                               |
| 6.1%<br>Cost per unit kWh - 351-600kwh - step<br>tariff 6.1% | <b>R 1.60</b>                             | <b>R 1.69</b>                             | <b>R 1.79</b>                             | <b>R 1.90</b>                             |
| Cost per unit kWh - >600kwh - step tariff<br>6.1%            | <b>R 1.86</b>                             | <b>R 1.97</b>                             | <b>R 2.09</b>                             | <b>R 2.21</b>                             |

The step tariff advised by NERSA and implemented since July 2011 results that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines. Electricity losses have increased from 30, 46% in 2014/15 to 47, 41% in 2015/16 and for 2016/17 the estimated loss is 46, 88%.

The approved budget for the Energy Section can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R50 million per year for five years will be necessary to steer the Municipality out of this predicament. It must be noted that ESKOM will receive an amount of R 28, 5 million to perform electrification and this will then have to be maintained by the municipality.

In addition the Section must raise awareness and promote behaviour change through communication and education to ensure the 10% reduction in energy consumption is achieved. A renewable and cleaner energy plan has to be developed, monitored, evaluated and updated annually. To upgrade street lights to LED fittings and other energy efficiency projects is a costly exercise for which funding must be sourced.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

### ***Sanitation and Impact of Tariff Increases***

A tariff increase of 6, 1% for sanitation from 1 July 2017 is proposed. This Section is currently operating at a deficit and it is generally accepted that all service departments should at least break even. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 13, 7% of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100% of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R26, 5 million for the 2017/18 financial year.

**Table 8 Comparison between current sanitation charges and increases**

| CATEGORY                             | CURRENT TARIFF<br>2016/17 |                  | PROPOSED TARIFF<br>2017/18 |               |
|--------------------------------------|---------------------------|------------------|----------------------------|---------------|
|                                      | %<br>DISCHARGED           | TARIFF PER<br>kl | %<br>DISCHARGED            | TARIFF PER kl |
|                                      |                           | R                |                            | R             |
| 0 – 30 kl per 30-day period          | 75                        | 7.36             | 75                         | 7.81          |
| 30.01 – 99 kl per 30-day period      | 75                        | 8.49             | 75                         | 9.01          |
| 99.01 and above kl per 30-day period | 75                        | 9.13             | 75                         | 9.69          |

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

**Table 9 Comparison between current sanitation charges and increases, single dwelling- houses**

| Monthly sanitation<br>consumption<br>kl | Current amount<br>Payable<br>R | Proposed amount<br>Payable<br>R | Difference<br>(6.1% increase)<br>R |
|---|--------------------------------|---------------------------------|------------------------------------|
| <b>30</b>                               | 220.80                         | 234.30                          | 13.50                              |
| <b>30.01 to 99</b>                      | 509.40                         | 540.60                          | 31.20                              |
| <b>99.01 and above</b>                  | 903.87                         | 959.31                          | 55.44                              |

### **Waste Removal and Impact of Tariff Increases**

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The service of refuse collection is outsourced which is the main contributor of expenditure as well as the cost of remuneration. This Section is budgeted to have a deficit. It is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

A 6, 1% increase in the waste removal tariff is proposed from 1 July 2017. Higher increases will not be viable in 2017/18 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher can be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2017:

**Table 10 Comparison between current waste removal fees and increases**

|  | <b>WASTE REMOVAL<br/>2016/17</b> | <b>WASTE REMOVAL<br/>2017/18</b> |
|--|----------------------------------|----------------------------------|
| <i>Tariff per container/household per month or part of a month:<br/>Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers/households.)</i> | <i>Per month (R)</i>             |                                  |
| <i>Residential</i>   | <i>87.54</i>                     | <i>92.88</i>                     |
| <i>Businesses per container</i>  | <i>270.61</i>                    | <i>287.11</i>                    |
| <i>Businesses bulk container</i>   | <i>2713.19</i>                   | <i>2878.69</i>                   |

### **Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to a 6, 1 %, increase for all households including indigent households.

### **In terms of Section 64 2(g) of the MFMA a Municipality must for the purposed of the sub-Section take reasonable steps to ensure**

- (g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework;

Table 11 KZN263 Table SA14 – Household Bills

| Description  | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                     |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18 % incr.                         | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| Rand/cent  |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| <u>Monthly Account for Household - 'Middle Income Range'</u> | 1   |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Rates and services charges:                                  |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Property rates   |     | 450.08          | 475.28          | 508.55          | 542.11               | 542.11          | 542.11             | 6.0%  | 574.64              | 609.11                 | 645.66                 |
| Electricity: Basic levy                                      |     | 50.98           | 56.08           | 64.49           | 69.42                | 69.42           | 69.42              | 6.0%  | 73.59               | 78.00                  | 82.68                  |
| Electricity: Consumption                                     |     | 1 248.32        | 1 373.15        | 1 579.12        | 1 699.76             | 1 699.76        | 1 699.76           | 6.0%  | 1 801.75            | 1 909.85               | 2 024.44               |
| Water: Basic levy  |     | 30.20           | 33.22           | 36.54           | 40.26                | 40.26           | 40.26              | 6.0%  | 42.72               | 45.24                  | 47.86                  |
| Water: Consumption   |     | 213.20          | 234.52          | 257.97          | 283.77               | –               | –                  | 6.0%  | 300.80              | 318.84                 | 337.97                 |
| Sanitation   |     | 87.52           | 96.27           | 105.90          | 121.78               | 121.78          | 121.78             | 6.0%  | 129.21              | 136.84                 | 144.77                 |
| Refuse removal   |     | 62.91           | 69.20           | 76.12           | 87.54                | 87.54           | 87.54              | 6.0%  | 92.88               | 98.36                  | 104.06                 |
| Other  |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| sub-total  |     | 2 143.21        | 2 337.72        | 2 628.69        | 2 844.64             | 2 560.87        | 2 560.87           | 6.0%  | 3 015.59            | 3 196.24               | 3 387.44               |
| VAT on Services  |     | 300.05          | 327.28          | 368.02          | 398.25               | 358.52          | 358.52             |   | 422.18              | 447.47                 | 474.24                 |
| Total large household bill:                                  |     | 2 443.26        | 2 665.00        | 2 996.71        | 3 242.89             | 2 919.39        | 2 919.39           | 6.0%  | 3 437.77            | 3 643.71               | 3 861.68               |
| % increase/-decrease   |     |                 | 9.1%            | 12.4%           | 8.2%                 | (10.0%)         | –                  |   | 17.8%               | 6.0%                   | 6.0%                   |
| <u>Monthly Account for Household - 'Affordable Range'</u>    | 2   |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Rates and services charges:                                  |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Property rates   |     | 249.76          | 263.75          | 282.21          | 300.84               | 300.84          | 300.84             | 6.0%  | 318.89              | 338.02                 | 358.31                 |
| Electricity: Basic levy                                      |     | 50.98           | 56.08           | 64.49           | 69.42                | 69.42           | 69.42              | 6.0%  | 73.59               | 78.00                  | 82.68                  |
| Electricity: Consumption                                     |     | 534.53          | 587.98          | 676.18          | 727.84               | 727.84          | 727.84             | 6.0%  | 771.51              | 817.80                 | 866.87                 |
| Water: Basic levy  |     | 30.20           | 33.22           | 36.54           | 40.26                | 40.26           | 40.26              | 6.0%  | 42.72               | 45.24                  | 47.86                  |
| Water: Consumption   |     | 177.68          | 195.45          | 215.00          | 236.50               | –               | –                  | 6.0%  | 250.69              | 265.73                 | 281.68                 |
| Sanitation   |     | 87.52           | 96.27           | 105.90          | 121.78               | 121.78          | 121.78             | 6.0%  | 129.21              | 136.84                 | 144.77                 |
| Refuse removal   |     | 62.91           | 69.20           | 76.12           | 87.54                | 87.54           | 87.54              | 6.0%  | 92.88               | 98.36                  | 104.06                 |
| Other  |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| sub-total  |     | 1 193.58        | 1 301.95        | 1 456.44        | 1 584.18             | 1 347.68        | 1 347.68           | 6.0%  | 1 679.49            | 1 779.99               | 1 886.23               |
| VAT on Services  |     | 167.10          | 182.27          | 203.90          | 221.79               | 188.68          | 188.68             |   | 235.13              | 249.20                 | 264.07                 |
| Total small household bill:                                  |     | 1 360.68        | 1 484.22        | 1 660.34        | 1 805.97             | 1 536.36        | 1 536.36           | 6.0%  | 1 914.62            | 2 029.19               | 2 150.30               |

| % increase/-decrease  |   |        | 9.1%   | 11.9%<br>0.31 | 8.8%<br>-0.26 | (14.9%)<br>-2.70 | -<br>-1.00 |      | 24.6%  | 6.0%   | 6.0%   |
|---|---|--------|--------|---------------|---------------|------------------|------------|------|--------|--------|--------|
| <u>Monthly Account for Household - 'Indigent'</u><br><u>Household receiving free basic services</u> | 3 |        |        |               |               |                  |            |      |        |        |        |
| Rates and services charges:   |   |        |        |               |               |                  |            |      |        |        |        |
| Property rates  |   | -      | -      | -             | -             | -                | -          | -    | -      | -      | -      |
| Electricity: Basic levy   |   | 50.98  | 56.08  | 64.49         | 69.42         | 69.42            | 69.42      | 6.0% | 73.59  | 78.00  | 82.68  |
| Electricity: Consumption  |   | -      | -      | -             | -             | -                | -          | -    | -      | -      | -      |
| Water: Basic levy   |   | 30.20  | 33.22  | 36.54         | 40.26         | 40.26            | 40.26      | 6.0% | 42.72  | 45.24  | 47.86  |
| Water: Consumption  |   | 87.56  | 96.32  | 105.95        | 116.55        | -                | -          | 6.0% | 123.54 | 130.96 | 138.81 |
| Sanitation  |   | 87.52  | 96.27  | 105.90        | 121.78        | 121.78           | 121.78     | 6.0% | 129.21 | 136.84 | 144.77 |
| Refuse removal  |   | 62.91  | 69.20  | 76.12         | 87.54         | 87.54            | 87.54      | 6.0% | 92.88  | 98.36  | 104.06 |
| Other   |   |        |        |               |               |                  |            |      |        |        |        |
| sub-total   |   | 319.17 | 351.09 | 389.00        | 435.55        | 319.00           | 319.00     | 6.1% | 461.94 | 489.40 | 518.18 |
| VAT on Services   |   | 44.68  | 49.15  | 54.46         | 60.98         | 44.66            | 44.66      |      | 64.67  | 68.52  | 72.55  |
| Total small household bill:   |   | 363.85 | 400.24 | 443.46        | 496.53        | 363.66           | 363.66     | 6.1% | 526.61 | 557.92 | 590.73 |
| % increase/-decrease  |   |        | 10.0%  | 10.8%         | 12.0%         | (26.8%)          | -          |      | 44.8%  | 5.9%   | 5.9%   |

## **Operating Expenditure Framework**

The Municipality's expenditure framework for the draft 2017/18 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Strict adherences to the principle of **no project plan no budget**. If there is no business plan no funding allocation can be made; and
- Creation of job opportunities by the municipality thus an increase in staff costs.

The following table is a high level summary of the Draft 2017/18 budget and MTREF (classified per main type of operating expenditure):

**Table 12 Summary of operating expenditure by type Table A4 by standard classification item**

| Description<br><br>R thousand   | Ref  | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---------------------------------|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|                                 |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| Expenditure By Type             |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs          | 2    | 107 749         | 122 588         | 128 873         | 145 781              | 132 515         | 130 515            | 130 515           | 142 024   | 152 373                | 162 683                |
| Remuneration of councillors     |      | 13 981          | 14 819          | 15 798          | 16 620               | 16 620          | 16 416             | 16 416            | 17 650  | 18 868                 | 20 170                 |
| Debt impairment                 | 3    | 7 128           | 16 848          | 6 150           | 7 461                | 6 500           | 5 596              | 5 596             | 6 903   | 7 310                  | 7 742                  |
| Depreciation & asset impairment | 2    | 108 415         | 99 106          | 82 095          | 110 958              | 82 931          | 72 361             | 72 361            | 88 047  | 93 242                 | 98 744                 |
| Finance charges                 |      | 3 079           | 1 623           | 347             | 959                  | 620             | 8                  | 8                 | 620   | 657                    | 695                    |
| Bulk purchases                  | 2    | 122 108         | 127 786         | 143 324         | 159 013              | 147 800         | 137 150            | 137 150           | 153 680   | 171 012                | 190 074                |
| Other materials                 | 8    | –               | –               | 18 727          | 29 659               | 21 737          | 18 304             | 18 304            | 18 062  | 19 127                 | 20 256                 |
| Contracted services             |      | 28 723          | 43 121          | 38 950          | 85 215               | 97 313          | 53 837             | 53 837            | 92 020  | 97 920                 | 102 826                |
| Transfers and subsidies         |      | 33 798          | 15 610          | 15 721          | 26 213               | 19 173          | 16 926             | 16 926            | 18 151  | 19 222                 | 20 356                 |
| Other expenditure               | 4, 5 | (135)           | –               | –               | 57 571               | 36 629          | 30 805             | 30 805            | 38 808  | 40 854                 | 43 005                 |
| Loss on disposal of PPE         |      | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Total Expenditure               |      | 424 845         | 441 500         | 449 986         | 639 450              | 561 838         | 481 920            | 481 920           | 575 966   | 620 585                | 666 550                |

**Table 13 Summary of operating expenditure – Revenue by source -Table A4 by standard classification item**

| Description  | Ref  | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand   | 1    |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Revenue By Source</b>   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 2    | 49 942          | 59 010          | 59 014          | 64 184               | 63 500          | 63 291             | 63 291            | 65 000  | 68 835                 | 72 896                 |
| Service charges - electricity revenue                                | 2    | 138 393         | 143 521         | 160 862         | 175 988              | 167 101         | 159 014            | 161 915           | 173 132   | 189 384                | 207 162                |
| Service charges - water revenue                                      | 2    | 34 062          | 33 944          | 32 026          | 38 321               | 15 940          | 11 874             | 13 786            | 16 912  | 18 688                 | 20 646                 |
| Service charges - sanitation revenue                                 | 2    | 15 576          | 21 214          | 18 401          | 20 458               | 19 580          | 16 518             | 22 042            | 20 794  | 23 109                 | 25 670                 |
| Service charges - refuse revenue                                     | 2    | 11 284          | 12 446          | 13 891          | 14 806               | 14 430          | 14 239             | 18 904            | 15 325  | 17 060                 | 18 982                 |
| Service charges - other  |      | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Rental of facilities and equipment                                   |      | 1 189           | 1 297           | 1 223           | 1 463                | 1 497           | 1 268              | 1 268             | 1 145   | 1 214                  | 1 287                  |
| Interest earned - external investments                               |      | 4 369           | 3 166           | 1 730           | 1 956                | 1 250           | 1 973              | 1 973             | 1 750   | 1 853                  | 1 963                  |
| Interest earned - outstanding debtors                                |      | 5               | –               | 15              | 16                   | 13              | 13                 | 13                | 13  | 14                     | 15                     |
| Dividends received   |      | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Fines, penalties and forfeits  |      | 9 375           | 8 297           | 8 621           | 1 713                | 1 108           | 1 155              | 1 155             | 2 010   | 2 129                  | 2 254                  |
| Licences and permits   |      | 4 415           | 4 063           | 4 236           | 4 493                | 4 250           | 4 172              | 4 172             | 4 443   | 4 705                  | 4 982                  |
| Agency services  |      | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Transfers and subsidies  |      | 163 051         | 113 621         | 112 829         | 114 588              | 114 588         | 114 588            | 114 588           | 124 650   | 135 522                | 143 762                |
| Other revenue  | 2    | 43 348          | 45 828          | 60 993          | 2 218                | 49 800          | 2 762              | 2 762             | 42 511  | 45 999                 | 47 215                 |
| Gains on disposal of PPE   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |      | <b>475 009</b>  | <b>446 406</b>  | <b>473 843</b>  | <b>440 205</b>       | <b>453 057</b>  | <b>390 868</b>     | <b>405 870</b>    | <b>467 684</b>                                      | <b>508 512</b>         | <b>546 834</b>         |
| <b>Expenditure By Type</b>   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs   | 2    | 107 749         | 122 588         | 128 873         | 145 781              | 132 515         | 130 515            | 130 515           | 142 024   | 152 373                | 162 683                |
| Remuneration of councillors  |      | 13 981          | 14 819          | 15 798          | 16 620               | 16 620          | 16 416             | 16 416            | 17 650  | 18 868                 | 20 170                 |
| Debt impairment  | 3    | 7 128           | 16 848          | 6 150           | 7 461                | 6 500           | 5 596              | 5 596             | 6 903   | 7 310                  | 7 742                  |
| Depreciation & asset impairment                                      | 2    | 108 415         | 99 106          | 82 095          | 110 958              | 82 931          | 72 361             | 72 361            | 88 047  | 93 242                 | 98 744                 |
| Finance charges  |      | 3 079           | 1 623           | 347             | 959                  | 620             | 8                  | 8                 | 620   | 657                    | 695                    |
| Bulk purchases   | 2    | 122 108         | 127 786         | 143 324         | 159 013              | 147 800         | 137 150            | 137 150           | 153 680   | 171 012                | 190 074                |
| Other materials  | 8    | –               | –               | 18 727          | 29 659               | 21 737          | 18 304             | 18 304            | 18 062  | 19 127                 | 20 256                 |
| Contracted services  |      | 28 723          | 43 121          | 38 950          | 85 215               | 97 313          | 53 837             | 53 837            | 92 020  | 97 920                 | 102 826                |
| Transfers and subsidies  |      | 33 798          | 15 610          | 15 721          | 26 213               | 19 173          | 16 926             | 16 926            | 18 151  | 19 222                 | 20 356                 |
| Other expenditure  | 4, 5 | (135)           | –               | –               | 57 571               | 36 629          | 30 805             | 30 805            | 38 808  | 40 854                 | 43 005                 |
| Loss on disposal of PPE  |      | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |



|  |   |         |         |         |           |           |          |          |           |           |           |
|--|---|---------|---------|---------|-----------|-----------|----------|----------|-----------|-----------|-----------|
| Total Expenditure  |   | 424 845 | 441 500 | 449 986 | 639 450   | 561 838   | 481 920  | 481 920  | 575 966   | 620 585   | 666 550   |
| Surplus/(Deficit)  |   | 50 164  | 4 906   | 23 857  | (199 245) | (108 780) | (91 053) | (76 050) | (108 282) | (112 074) | (119 716) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |   | 9 000   | 49 911  | 49 687  | 55 078    | 45 078    | 45 078   | 45 078   | 52 740    | 54 769    | 56 911    |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | 6 | –       | –       | –       | –         | –         | –        | –        | –         | –         | –         |
| Transfers and subsidies - capital (in-kind - all)  |   | –       | –       | –       | –         | –         | –        | –        | –         | –         | –         |
| Surplus/(Deficit) after capital transfers & contributions  |   | 59 164  | 54 817  | 73 544  | (144 167) | (63 702)  | (45 975) | (30 972) | (55 542)  | (57 305)  | (62 805)  |
| Taxation   |   | –       | –       | –       | –         | –         | –        | –        | –         | –         | –         |
| Surplus/(Deficit) after taxation   |   | 59 164  | 54 817  | 73 544  | (144 167) | (63 702)  | (45 975) | (30 972) | (55 542)  | (57 305)  | (62 805)  |
| Attributable to minorities   |   | –       | –       | –       | –         | –         | –        | –        | –         | –         | –         |
| Surplus/(Deficit) attributable to municipality   |   | 59 164  | 54 817  | 73 544  | (144 167) | (63 702)  | (45 975) | (30 972) | (55 542)  | (57 305)  | (62 805)  |
| Share of surplus/ (deficit) of associate   | 7 | –       | –       | –       | –         | –         | –        | –        | –         | –         | –         |
| Surplus/(Deficit) for the year   |   | 59 164  | 54 817  | 73 544  | (144 167) | (63 702)  | (45 975) | (30 972) | (55 542)  | (57 305)  | (62 805)  |

The budgeted allocation for employee related costs for the 2017/18 financial year totals R135 million, which equals 28,75% of the total operating expenditure. The multi-year Salary and Wage Collective Agreement from SALGBC for municipalities advised to budget for an annual increase of 6, 4% for the 2017/18 financial year and for the two outer years 5, 9% and 5, 8% has been utilized. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Finance Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of critical and strategically important vacancies. Excessive overtime has been observed by National Treasury during their analysis of municipal budgets and although it is considered acceptable as long as it related to essential services an excessively high allocation could be an indication of performance inefficiencies as it is an expensive form of remuneration easily abused. If National Treasury finds excessive overtime to be legitimate it will be an indication that the organisational structure is insufficiently funded and funds being rather appropriated against vacancies. The maximum percentage allowable for overtime is of total remuneration.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 92% and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R 6, 9 million and an amount of R 7, 3 for 2018/19 million which escalates to R7, 7 million by 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 88 million for the 2017/18 financial and equates to 15,3% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Bulk purchases are directly informed by the purchase of electricity from ESKOM. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. ESKOM increase has been budgeted for at 4, 4%.

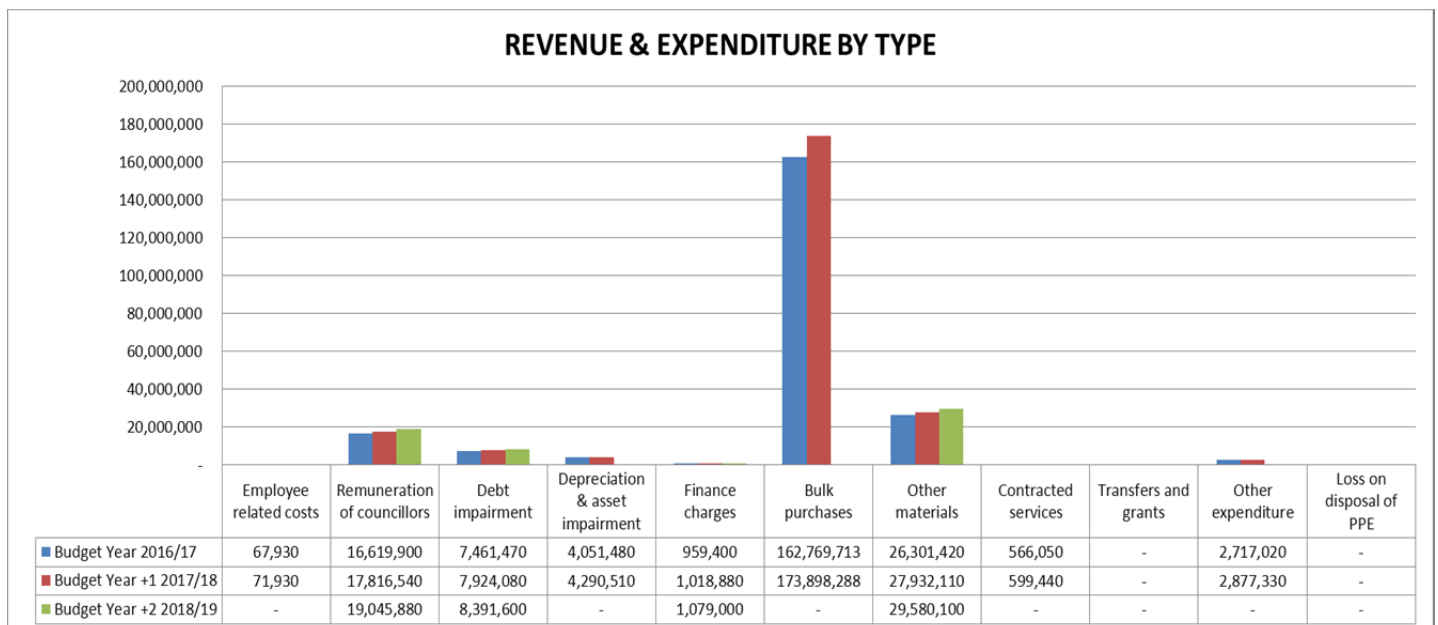
Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2017/18 the percentage of this against the group of expenditure is 3,8% (R 18 million) and continues to grow for the two outer years of which budget allocation is in excess of R 2 million by 2019/20.

Contracted services have increased for the Municipality for the 2017/18 financial year. As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2017/18 financial year, this group of expenditure totals R 92 million and has escalated overall, clearly demonstrating the need to investigate these contracts before the 2018/19 financial year to try and apply cost containment measures. For the two outer years growth has been limited to 6%. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2017/18 financial year to identify alternative practices and

procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. The reason for the escalation is the additional refuse services for the small towns where refuse was in the past not being collected and the additional security costs as more security guards had to be employed due to theft and damage of infrastructure. Further details relating to contracted services can be seen in Table 64 KZN263 SA1 (see page 100).

Other expenditure comprises of various line items such as insurances, telephone costs, bank charges, Subsistence and travelling, leasing of office equipment, vehicle leases and other costs relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6% for 2017/18 and curbed at 5.8% for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 KZN263 SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.



**Figure 1 Main operational expenditure categories for the 2017/18 financial year**

#### 1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by MFMA Circulars 75, 78, 79, 85 and 86 and the outcome of the 2015/2016 audit qualification the municipality must budget for 8% of its expenditure budget to be allocated to repairs and maintenance and the on-going health of the municipality's infrastructure must be supported by an asset management plan. A further 40% of the municipal budget must be allocated to Capital for the renewal of existing assets and provide a detailed explanation and assurance that the budgeted amount is adequate to secure the on-going health of the municipality's infrastructure supported by reference to its asset management plan. The municipality in the state of local government finances and financial management has been accused of persistent under spending on capital and that the municipality is too reliant on capital grants. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 14 Operational Repairs and Maintenance Schedule SA1**

|   |   |       |       |       |       |       |       |       |       |       |
|---|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Repairs and Maintenance by Expenditure Item | 8 |       |       |       |       |       |       |       |       |       |
| Employee related costs                      |   |       |       |       |       |       |       |       |       |       |
| Other materials                             |   | 12227 | 15064 | 18727 | 29659 | 21737 | 18304 | 18304 | 18062 | 19127 |
| Contracted Services                         |   |       |       |       |       |       |       |       |       |       |
| Other Expenditure                           |   |       |       |       |       |       |       |       |       |       |
| Total Repairs and Maintenance Expenditure   | 9 | 12227 | 15064 | 18727 | 29659 | 21737 | 18304 | 18304 | 18062 | 19127 |
|   |   | 20256 |       |       |       |       |       |       |       |       |

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance is allocated an amount of R 18 million which is less than the adjustment budget of 2016/2017 by R 3,4 million and will increase in the other two years to R 19,1 million to R 20,2 million. During the 2016/17 Adjustment Budget this allocation was reduced from R 29,6 to R 21,7 million owing to the challenges faced by the Municipality. Notwithstanding, as part of the 2017/18 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2017/18 equates to R18 million in relation to the Adjustment Budget and continues to grow over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 3, 8% and 3, 8% for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 15 Repairs and maintenance per asset class (Expenditure other items) – Schedule A9**

| Description                                   | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <i>R thousand</i>                             |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Depreciation</u>                           | 7   | 108 414         | 99 106          | 82 095          | 110 958              | 82 931          | 72 361             | 88 047  | 93 242                 | 98 744                 |
| <u>Repairs and Maintenance by Asset Class</u> | 3   | 12 227          | 15 064          | 18 727          | 29 659               | 21 737          | 18 305             | 18 061  | 19 127                 | 20 256                 |
| Roads Infrastructure                          |     | 4 792           | 5 921           | 8 698           | 13 622               | 10 918          | 11 236             | 5 828   | 6 171                  | 6 535                  |
| Storm water Infrastructure                    |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Electrical Infrastructure                     |     | 2 177           | 2 435           | 4 675           | 6 649                | 5 535           | 2 685              | 6 166   | 6 535                  | 6 915                  |
| Water Supply Infrastructure                   |     | 3 019           | 3 311           | 2 614           | 4 376                | 2 413           | 1 824              | 1 933   | 2 047                  | 2 167                  |
| Sanitation Infrastructure                     |     | 997             | 1 982           | 1 590           | 2 010                | 1 008           | 1 366              | 1 508   | 1 596                  | 1 691                  |
| Solid Waste Infrastructure                    |     | 21              | –               | 99              | 213                  | 120             | –                  | 200   | 212                    | 224                    |
| Rail Infrastructure                           |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Coastal Infrastructure                        |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Information and Communication Infrastructure  |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Infrastructure</b>                         |     | <b>11 006</b>   | <b>13 649</b>   | <b>17 675</b>   | <b>26 871</b>        | <b>19 993</b>   | <b>17 111</b>      | <b>15 634</b>                                       | <b>16 561</b>          | <b>17 533</b>          |
| Community Facilities                          |     | 838             | 769             | 383             | 1 236                | 645             | 448                | 1 135   | 1 202                  | 1 273                  |
| Sport and Recreation Facilities               |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Community Assets</b>                       |     | <b>838</b>      | <b>769</b>      | <b>383</b>      | <b>1 236</b>         | <b>645</b>      | <b>448</b>         | <b>1 135</b>  | <b>1 202</b>           | <b>1 273</b>           |
| Heritage Assets                               |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Revenue Generating                            |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Non-revenue Generating                        |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Investment properties</b>                  |     | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>–</b>  | <b>–</b>               | <b>–</b>               |
| Operational Buildings                         |     | 362             | 469             | 600             | 1 200                | 900             | 618                | 1 000   | 1 059                  | 1 121                  |
| Housing                                       |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Other Assets</b>                           |     | <b>362</b>      | <b>469</b>      | <b>600</b>      | <b>1 200</b>         | <b>900</b>      | <b>618</b>         | <b>1 000</b>  | <b>1 059</b>           | <b>1 121</b>           |
| <b>Biological or Cultivated Assets</b>        |     | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>–</b>  | <b>–</b>               | <b>–</b>               |
| Servitudes                                    |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Licences and Rights                           |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Intangible Assets</b>                      |     | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>–</b>  | <b>–</b>               | <b>–</b>               |
| Computer Equipment                            |     | (31)            | 176             | 69              | 107                  | 107             | 104                | 110   | 116                    | 123                    |

|  |  |         |         |         |         |         |        |         |         |         |
|--|--|---------|---------|---------|---------|---------|--------|---------|---------|---------|
| Furniture and Office Equipment           |  | -       | -       | -       | -       | -       | -      | -       | -       | -       |
| Machinery and Equipment                  |  | 51      | -       | -       | 246     | 93      | 24     | 182     | 189     | 205     |
| Transport Assets                         |  | -       | -       | -       | -       | -       | -      | -       | -       | -       |
| Libraries                                |  | -       | -       | -       | -       | -       | -      | -       | -       | -       |
| Zoo's, Marine and Non-biological Animals |  | -       | -       | -       | -       | -       | -      | -       | -       | -       |
|  |  |         |         |         |         |         |        |         |         |         |
| TOTAL EXPENDITURE OTHER ITEMS            |  | 120 641 | 114 169 | 100 823 | 140 617 | 104 668 | 90 666 | 106 108 | 112 370 | 118 999 |

For the 2017/18 financial year, R 15, 5 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure receives R 6,1 million, road infrastructure of R 5,8 million, water R1,9 million, sanitation R1,5 million and refuse R 200 thousand.

### Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy on an annual basis. The applications are strictly reviewed annually and this year tighter controls were implemented to ensure this service is given to only the poorest of the poor. Detail relating to free services, cost of free basis services, revenue foregone owing to free basic services as well as basic service delivery measurement is contained in Table 27 KZN263 A10 (Basic Service Delivery Measurement) on page 75.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The municipality's cost for the Free Basic Services is R 18, 1 million.

### Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 16 2017/18 Medium-Term Capital Budget per Vote – Schedule SA6**

| Strategic Objective                                 | Goal                            | 2013/14               | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |    |
|---|---------------------------------|-----------------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|----|
|   |                                 | Audited Outcome       | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |    |
| R thousand  |                                 |                       |                 |                 |                      |                 |                    |   |                        |                        |    |
| Basic Service Delivery & Infrastructure Development | Energy Sources                  | 10919                 | 13524           | 23365           | 29000                | 23500           | 20034              | 20000   | 20295                  | 20607                  |    |
|   | Waste Management                |                       | 26              |                 | 61                   | 35              | –                  | 35  | 37                     | 39                     |    |
|   | Water Management                | 14                    | 591             | 12              | 1652                 | 450             | –                  | 550   | 582                    | 617                    |    |
|   | Water Management                | 22                    |                 | 192             | 1823                 | 505             | 16                 | 505   | 535                    | 566                    |    |
|   | Road Transport Asset Management | 130                   | 40911           | 41419           | 35408                | 25288           | 25086              | 37940   | 39980                  | 42136                  |    |
|   | Cemeteries                      | 2                     | 39              |                 | 11                   | 10              | –                  | 10  | 11                     | 11                     |    |
|   | Housing                         | 50                    | –               | –               | 1166                 | 1166            | –                  | 1100  | 1106                   | 1171                   |    |
|   |                                 | –                     | –               | –               | –                    | –               | –                  | –   | –                      | –                      |    |
|   | Municipal Transformation        | Administration & Corp | 25              | 21              | 46                   | 53              | 5                  | 2   | 5                      | 5                      | 6  |
|   | & Institutional                 | Human Resources       | –               | 20              | 14                   | 21              | 15                 | –   | 15                     | 16                     | 17 |

|   |   |       |       |       |       |       |       |       |       |       |
|---|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Development                               | Fleet Management Information Technology           | -     | -     | -     | -     | -     | -     | -     | -     | -     |
|   | Community & Social Services                       | 85    | 234   | 128   | 746   | 600   | 211   | 600   | 635   | 673   |
|   |   | 15    | 65    |       | -     | -     | -     | -     | -     | -     |
| Financial Viability & Management          | Finance   | 63    | 38    | 122   | 426   | 200   | -     | 200   | 212   | 224   |
|   | Supply Chain Management                           | -     | -     | -     | -     | -     | -     | -     | -     | -     |
|   | Valuation Service                                 | -     | -     | -     | -     | -     | -     | -     | -     | -     |
| Good Governance & Community Participation | Mayor & Council                                   | -     | -     | -     | -     | -     | -     | -     | -     | -     |
|   | Municipal Manager                                 | -     | -     | -     | -     | -     | -     | -     | -     | -     |
|   | Internal Audit                                    | -     | -     | -     | -     | -     | -     | -     | -     | -     |
| LED & Social Development                  | Licensing & Regulation Markets                    | -     | -     | -     | -     | 7     | 5     | 7     | 7     | 8     |
|   | Tourism   | -     | -     | -     | -     | -     | -     | -     | -     | -     |
|   | Corporate Wide                                    | -     | -     | -     | -     | -     | -     | -     | -     | -     |
|   | Strategic Planning - LED                          | -     | -     | -     | -     | -     | -     | -     | -     | -     |
|   | Public Safety                                     | -     | -     | 24    | 103   | 100   | -     | 100   | 106   | 112   |
|   | Community Halls & Facilities                      |       | 54    | 19    | 50    | 20    | -     | 20    | 21    | 22    |
|   | Libraries   | -     | -     | 1     | 53    | 25    | 6     | 75    | 79    | 84    |
|   | Museums   | -     | -     | -     | -     | -     | -     | -     | -     | -     |
| Cross Cutting                             | Corporate Wide Strategic - Planning - IDP         | -     | -     | -     | -     | -     | -     | -     | -     | -     |
|   | Town Planning, Building Regulations & Enforcement | 251   |       | 16    | 42    | 15    | 8     | 25    | 26    | 28    |
| Allocations to other priorities           |   |       |       |       |       |       |       |       |       |       |
| Total Capital Expenditure                 |   | 11576 | 55523 | 65359 | 70617 | 51941 | 45368 | 61187 | 63655 | 66322 |



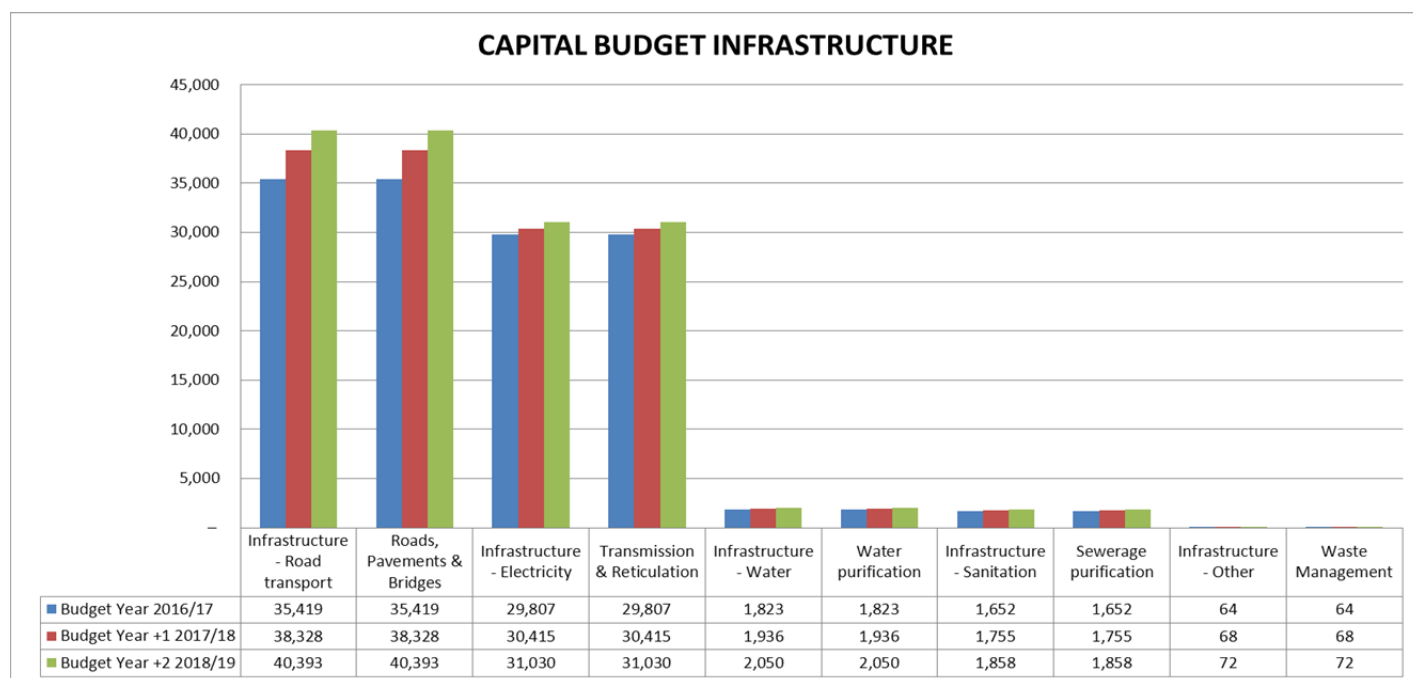
For 2017/18 an amount of R 8, 4 million has been appropriated for the development of infrastructure from internal funding and R 52, 7 million from grant funding. In the outer years this amount totals R8, 8 million and R9, 4 million from internal funding and R 54, 7 million and R 56, 9 million from grant funding respectively for each of the financial years. Roads, storm water, bus route and other rural projects receives the highest allocation of R37,7 million in 2017/18 which equates to 71,6% followed by electricity infrastructure at 28,4% or R15 million.

Total net assets represent 70 % or R42, 7 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26, A9 (Asset Management) on page 36. In addition to the Table A9, KZN263 Tables SA34a, b, c and d provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery development;
- Parks, recreational facilities and swimming pools;
- Fire fighting and security equipment;
- Customer care offices;
- Electricity for all (backlog eradication) – from ESKOM and the Municipality;
- Refurbishment and renewal electrical network;
- New electricity infrastructure;
- Public lighting;
- Waste water treatment works;
- Upgrading and renewal of sewers;
- Bulk supply and backlog eradication of water;
- Refurbishment and renewal of water network;
- Backlog eradication of roads;
- Backlog eradication of storm water drainage;
- Rehabilitation of roads; and
- Extension of main entry roads.

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

**Figure 2 Capital Infrastructure Programme**

### **Future operational cost of new infrastructure**

The future operational costs and revenues associated with the capital programme have been included in Table 61 A5. It needs to be noted that as part of the 2017/18 MTREF, this expenditure has been factored into the two outer years of the operational budget.

### **Annual Budget Tables**

The following eighteen pages present the ten main budget tables as required in terms of Section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 17 KZN263 Table SA1 - Budget Summary

| Description  | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>REVENUE ITEMS:</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <u>Property rates</u>  | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Property Rates   |     | 49 942          | 59 010          | 59 014          | 64 184               | 63 500          | 63 291             | 63 291            | 65 000  | 68 835                 | 72 896                 |
| <i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i> |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net Property Rates   |     | 49 942          | 59 010          | 59 014          | 64 184               | 63 500          | 63 291             | 63 291            | 65 000  | 68 835                 | 72 896                 |
| <u>Service charges - electricity revenue</u>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - electricity revenue  |     | 141 091         | 145 521         | 162 862         | 177 587              | 170 301         | 161 915            | 161 915           | 176 530   | 192 983                | 210 973                |
| <i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>  |     | 2 698           | 2 000           | 2 000           | 1 599                | 3 200           | 2 902              |                   | 3 398   | 3 599                  | 3 811                  |
| Net Service charges - electricity revenue  |     | 138 393         | 143 521         | 160 862         | 175 988              | 167 101         | 159 014            | 161 915           | 173 132   | 189 384                | 207 162                |
| <u>Service charges - water revenue</u>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - water revenue  |     | 36 153          | 36 524          | 34 826          | 41 519               | 17 880          | 13 786             | 13 786            | 18 972  | 20 869                 | 22 956                 |
| <i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>                                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>                                    |     | 2 091           | 2 580           | 2 800           | 3 198                | 1 940           | 1 913              |                   | 2 060   | 2 182                  | 2 311                  |
| Net Service charges - water revenue  |     | 34 062          | 33 944          | 32 026          | 38 321               | 15 940          | 11 874             | 13 786            | 16 912  | 18 688                 | 20 646                 |
| <u>Service charges - sanitation revenue</u>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - sanitation revenue   |     | 19 208          | 25 914          | 22 901          | 26 428               | 25 000          | 22 042             | 22 042            | 26 550  | 29 205                 | 32 126                 |
| <i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |

|  |  |        |        |        |        |        |        |        |        |        |        |
|--|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>less Cost of Free Basis Services (free sanitation service to indigent households)</i> |  | 3 632  | 4 700  | 4 500  | 5 970  | 5 420  | 5 524  |        | 5 756  | 6 096  | 6 455  |
| Net Service charges - sanitation revenue   |  | 15 576 | 21 214 | 18 401 | 20 458 | 19 580 | 16 518 | 22 042 | 20 794 | 23 109 | 25 670 |
| <u>Service charges - refuse revenue</u>  |  |        |        |        |        |        |        |        |        |        |        |
| Total refuse removal revenue   |  | 13 986 | 15 946 | 17 391 | 19 496 | 19 100 | 18 904 | 18 904 | 20 284 | 22 313 | 24 544 |
| Total landfill revenue   |  |        |        |        |        |        |        |        |        |        |        |
| <i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>    |  |        |        |        |        |        |        |        |        |        |        |
| <i>less Cost of Free Basis Services (removed once a week to indigent households)</i>     |  | 2 702  | 3 500  | 3 500  | 4 690  | 4 670  | 4 665  |        | 4 960  | 5 252  | 5 562  |
| Net Service charges - refuse revenue   |  | 11 284 | 12 446 | 13 891 | 14 806 | 14 430 | 14 239 | 18 904 | 15 325 | 17 060 | 18 982 |
| <u>Other Revenue by source</u>   |  |        |        |        |        |        |        |        |        |        |        |
| <i>Fuel Levy</i>   |  | –      | –      | –      | –      | –      | –      | –      | –      | –      | –      |
| <i>Other Revenue</i>   |  | 43 348 | 45 828 | 60 993 | 1 729  | 49 324 | 2 334  | 2 334  | 42 073 | 45 538 | 46 730 |
| <i>Burial fees</i>   |  | –      | –      | –      | 192    | 120    | 105    | 105    | 110    | 116    | 123    |
| <i>Encroachment fees</i>   |  | –      | –      | –      | 57     | 70     | 60     | 60     | 50     | 50     | 50     |
| Photostat Copies   |  | –      | –      | –      | 23     | 18     | 16     | 16     | 15     | 16     | 17     |
| Special Consent  |  | –      | –      | –      | 43     | 32     | 24     | 24     | 25     | 26     | 28     |
| Gate fees  |  | –      | –      | –      | 1      | 0      | 0      | 0      | 0      | 0      | 0      |
| Building Plan fees   |  | –      | –      | –      | 16     | 35     | 39     | 39     | 35     | 37     | 39     |
| SETA   |  | –      | –      | –      | –      | –      | –      | –      | –      | –      | –      |
| Tender deposits  |  | –      | –      | –      | 64     | 150    | 135    | 135    | 150    | 159    | 168    |
| Rates Clearances   |  | –      | –      | –      | 64     | 31     | 33     | 33     | 33     | 35     | 37     |
| Monument Fees  |  | –      | –      | –      | 31     | 20     | 16     | 16     | 20     | 21     | 22     |
| Total 'Other' Revenue  |  | 43 348 | 45 828 | 60 993 | 2 218  | 49 800 | 2 762  | 2 762  | 42 511 | 45 999 | 47 215 |
| <b>EXPENDITURE ITEMS:</b>  |  |        |        |        |        |        |        |        |        |        |        |
| <u>Employee related costs</u>  |  |        |        |        |        |        |        |        |        |        |        |
| Basic Salaries and Wages   |  | 61 465 | 73 915 | 67 248 | 75 283 | 70 259 | 69 688 | 69 688 | 75 874 | 81 050 | 86 579 |
| Pension and UIF Contributions  |  | 612    | 647    | 14 548 | 16 107 | 15 307 | 15 163 | 15 163 | 16 354 | 17 476 | 18 675 |
| Medical Aid Contributions  |  | 4 589  | 4 942  | 5 519  | 6 038  | 6 269  | 6 200  | 6 200  | 6 732  | 7 193  | 7 687  |
| Overtime   |  | 8 996  | 12 348 | 17 213 | 17 989 | 16 714 | 16 775 | 16 775 | 17 397 | 18 594 | 19 874 |
| Performance Bonus  |  | 4 590  | 4 810  | 5 446  | 7 078  | 5 714  | 5 682  | 5 682  | 6 119  | 7 235  | 7 683  |
| Motor Vehicle Allowance  |  | 10 554 | 8 751  | 7 022  | 7 679  | 7 261  | 7 194  | 7 194  | 7 714  | 8 243  | 8 809  |
| Cellphone Allowance  |  | 12 085 | 12 839 | 562    | 596    | 579    | 562    | 562    | 771    | 824    | 881    |
| Housing Allowances   |  | 262    | 250    | 1 025  | 1 108  | 1 049  | 1 027  | 1 027  | 1 132  | 1 210  | 1 293  |
| Other benefits and allowances  |  | 2 270  | 2 052  | 2 572  | 4 298  | 2 818  | 2 469  | 2 469  | 2 980  | 3 185  | 3 405  |
| Payments in lieu of leave  |  | 2 298  | 2 002  | 4 067  | 3 815  | 3 530  | 2 861  | 2 861  | 3 749  | 3 970  | 4 204  |
| Long service awards  |  | 29     | 32     | 23     | 31     | 16     | 15     | 15     | 16     | 18     | 19     |
| Post-retirement benefit obligations  |  | –      | –      | 3 630  | 5 758  | 3 000  | 2 879  | 2 879  | 3 186  | 3 374  | 3 573  |

|   |    |         |         |         |         |         |         |         |         |         |         |
|---|----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <i>sub-total</i>                                | 5  | 107 749 | 122 588 | 128 873 | 145 781 | 132 515 | 130 515 | 130 515 | 142 024 | 152 373 | 162 683 |
| <u>Less: Employees costs capitalised to PPE</u> |    |         |         |         |         |         |         |         |         |         |         |
| Total Employee related costs                    | 1  | 107 749 | 122 588 | 128 873 | 145 781 | 132 515 | 130 515 | 130 515 | 142 024 | 152 373 | 162 683 |
| <u>Contributions recognised - capital</u>       |    |         |         |         |         |         |         |         |         |         |         |
| <i>MIG</i>                                      |    |         |         |         |         |         |         |         |         |         |         |
| <i>INEP</i>                                     |    |         |         |         |         |         |         |         |         |         |         |
| Total Contributions recognised - capital        |    | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| <u>Depreciation &amp; asset impairment</u>      |    |         |         |         |         |         |         |         |         |         |         |
| Depreciation of Property, Plant & Equipment     |    | 88 655  | 88 655  | 82 095  | 110 958 | 82 931  | 72 361  | 72 361  | 88 047  | 93 242  | 98 744  |
| Lease amortisation                              |    | 19 664  | 9 058   | -       | -       | -       | -       | -       | -       | -       | -       |
| Capital asset impairment                        |    | 96      | 1 393   | -       | -       | -       | -       | -       | -       | -       | -       |
| Depreciation resulting from revaluation of PPE  | 10 | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Total Depreciation & asset impairment           | 1  | 108 415 | 99 106  | 82 095  | 110 958 | 82 931  | 72 361  | 72 361  | 88 047  | 93 242  | 98 744  |
| <u>Bulk purchases</u>                           |    |         |         |         |         |         |         |         |         |         |         |
| Electricity Bulk Purchases                      |    | 122 108 | 127 786 | 143 324 | 159 013 | 147 800 | 137 150 | 137 150 | 153 680 | 171 012 | 190 074 |
| Water Bulk Purchases                            |    | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Total bulk purchases                            | 1  | 122 108 | 127 786 | 143 324 | 159 013 | 147 800 | 137 150 | 137 150 | 153 680 | 171 012 | 190 074 |
| <u>Transfers and grants</u>                     |    |         |         |         |         |         |         |         |         |         |         |
| Cash transfers and grants                       |    | -       | -       | -       | 101     | 95      | 95      | 95      | 100     | 106     | 112     |
| Non-cash transfers and grants                   |    | 33 798  | 15 610  | 15 721  | 26 112  | 19 078  | 16 831  | 16 831  | 18 051  | 19 116  | 20 244  |
| Total transfers and grants                      | 1  | 33 798  | 15 610  | 15 721  | 26 213  | 19 173  | 16 926  | 16 926  | 18 151  | 19 222  | 20 356  |
| <u>Contracted services</u>                      |    |         |         |         |         |         |         |         |         |         |         |
| <i>List services provided by contract</i>       |    | 28 723  | 43 121  | 38 950  | 17 894  | 28 636  | 9 423   | 9 423   | 23 793  | 25 356  | 26 199  |
| <i>Internal Audit</i>                           |    |         |         |         | 2 132   | 2 100   | 360     | 360     | 1 500   | 1 589   | 1 682   |
| <i>Meter Reading</i>                            |    |         |         |         | 2 772   | 2 400   | 1 862   | 1 862   | 2 500   | 2 648   | 2 804   |
| <i>Computer Services</i>                        |    |         |         |         | 586     | 460     | 596     | 596     | 480     | 508     | 538     |
| <i>VAT Consultant</i>                           |    |         |         |         | 500     | -       | -       | -       | -       | -       | -       |
| <i>Parks</i>                                    |    |         |         |         | 6 556   | 6 500   | 6 284   | 6 284   | 6 900   | 7 307   | 7 738   |
| <i>Security</i>                                 |    |         |         |         | 12 899  | 11 200  | 8 958   | 8 958   | 11 894  | 12 596  | 13 339  |
| <i>Refuse Removal</i>                           |    |         |         |         | 11 086  | 13 300  | 9 722   | 9 722   | 13 000  | 13 767  | 14 579  |
| <i>Steiner</i>                                  |    |         |         |         | 23      | 10      | 7       | 7       | 10      | 11      | 11      |
| <i>Digging of Graves</i>                        |    |         |         |         | 53      | 42      | 35      | 35      | 40      | 42      | 45      |
| <i>Electricity-Engineer</i>                     |    |         |         |         | 533     | 400     | 172     | 172     | 450     | 477     | 505     |
| <i>WSSA</i>                                     |    |         |         |         | 394     | 350     | 343     | 343     | 372     | 394     | 417     |

|  |   |        |        |        |        |        |        |        |        |        |         |
|--|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Munsoft                                    |   |        |        | 1 599  | 1 700  | 1 445  | 1 445  | 1 800  | 1 906  | 2 019  |         |
| Infrastructure Plan                        |   |        |        | 1 066  | 1 000  | –      | –      | –      | –      | –      |         |
| Shoba Township Establishment               |   |        |        | 1 500  | 1 000  | –      | –      | 1 000  | 1 500  | 1 500  |         |
| Shared Services                            |   |        |        | 533    | 500    | –      | –      | 500    | 530    | 561    |         |
| Land Use Scheme                            |   |        |        | 1 100  | 1 000  | –      | –      | 1 000  | 1 059  | 1 121  |         |
| Forensic Auditors                          |   |        |        | 768    | 1 000  | –      | –      | 1 000  | 1 059  | 1 121  |         |
| LED WARD Project                           |   |        |        | 2 200  | 2 200  | 58     | 58     | 2 200  | 2 200  | 2 200  |         |
| Total client services                      |   |        |        |        |        |        |        |        |        |        |         |
| Commission on vendor sales                 |   |        |        | 1 161  | 905    | 973    | 973    | 961    | 1 018  | 1 078  |         |
| Photocopiers & faxes                       |   |        |        | 640    | 530    | 162    | 162    | 570    | 604    | 639    |         |
| Lease of vehicles                          |   |        |        | 17 962 | 20 900 | 12 268 | 12 268 | 20 850 | 22 080 | 23 383 |         |
| Telephones                                 |   |        |        | 1 258  | 1 180  | 1 169  | 1 169  | 1 200  | 1 271  | 1 346  |         |
| sub-total                                  | 1 | 28 723 | 43 121 | 38 950 | 85 215 | 97 313 | 53 837 | 53 837 | 92 020 | 97 920 | 102 826 |
| Allocations to organs of state:            |   |        |        |        |        |        |        |        |        |        |         |
| Electricity                                |   |        |        |        |        |        |        |        |        |        |         |
| Water                                      |   |        |        |        |        |        |        |        |        |        |         |
| Sanitation                                 |   |        |        |        |        |        |        |        |        |        |         |
| Other                                      |   |        |        |        |        |        |        |        |        |        |         |
| Total contracted services                  |   | 28 723 | 43 121 | 38 950 | 85 215 | 97 313 | 53 837 | 53 837 | 92 020 | 97 920 | 102 826 |
| Other Expenditure By Type                  | - |        |        |        |        |        |        |        |        |        |         |
| Collection costs                           |   |        |        |        |        |        |        |        |        |        |         |
| Contributions to 'other' provisions        |   | (135)  |        |        | 12 212 | 10 500 | 9 159  | 9 159  | 11 151 | 11 809 | 12 506  |
| Consultant fees                            |   |        |        |        |        |        |        |        |        |        |         |
| Audit fees                                 |   |        |        |        | 2 132  | 4 000  | 6 338  | 6 338  | 4 000  | 4 236  | 4 486   |
| General expenses                           | 3 |        |        |        |        |        |        |        |        |        |         |
| List Other Expenditure by Type             |   |        |        |        | 11 856 |        |        |        |        |        |         |
| Ward Committee Members                     |   |        |        |        | 2 558  | 1 780  | 648    | 648    | 2 640  | 2 796  | 2 961   |
| Newsletter & Radio Slot                    |   |        |        |        | 160    | 75     | –      | –      | 100    | 106    | 112     |
| Advertisements & Notices                   |   |        |        |        | 373    | 345    | 322    | 322    | 370    | 392    | 415     |
| Allowances & Pensioners Contributions      |   |        |        |        | 1 492  | 1 200  | –      | –      | 1 274  | 1 350  | 1 429   |
| Banking Services                           |   |        |        |        | 1 439  | 1 080  | 814    | 814    | 1 080  | 1 144  | 1 211   |
| Brochures & Postcards                      |   |        |        |        | 11     | 5      | 3      | 3      | 5      | 5      | 6       |
| Cartage & Railage                          |   |        |        |        | 80     | 400    | 511    | 511    | 450    | 477    | 505     |
| Chemicals                                  |   |        |        |        | 3 758  | 1 120  | 814    | 814    | 1 500  | 1 589  | 1 682   |
| Cleaning Materials                         |   |        |        |        | 431    | 353    | 352    | 352    | 381    | 420    | 445     |
| Conference Fees & Travelling               |   |        |        |        | 3 334  | 2 790  | 3 137  | 3 137  | 2 903  | 3 074  | 3 256   |
| Municipal Services                         |   |        |        |        | 7 603  | 3 003  | 3 010  | 3 010  | 3 343  | 3 540  | 3 749   |
| Compensation Commissioner                  |   |        |        |        | 586    | 500    | –      | –      | 531    | 562    | 596     |
| Strategic Planning Sessions & Refreshments |   |        |        |        | 205    | 93     | 129    | 129    | 96     | 101    | 107     |
| Budget Roadshow                            |   |        |        |        | 693    | 300    | 3      | 3      | 300    | 318    | 336     |

|  |   |        |        |        |        |        |        |        |        |        |        |
|--|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| First Aid Supplies                             |   |        |        |        | 17     | 5      | -      | -      | 5      | 5      | 5      |
| Council Community Projects                     |   |        |        |        | 1 066  | 1 000  | 1 414  | 1 414  | 1 000  | 1 059  | 1 121  |
| LED Projects & Poverty Alleviation             |   |        |        |        | 4 400  | 4 400  | 1 075  | 1 075  | 4 400  | 4 400  | 4 400  |
| Spluma   |   |        |        |        | 1 066  | 900    | -      | -      | 1 000  | 1 059  | 1 121  |
| Indigent Burials                               |   |        |        |        | 235    | 280    | 302    | 302    | 280    | 297    | 314    |
| Insurances                                     |   |        |        |        | 1 866  | 2 500  | 2 774  | 2 774  | 2 000  | 2 118  | 2 243  |
| Total 'Other' Expenditure                      | 1 | (135)  | -      | -      | 57 571 | 36 629 | 30 805 | 30 805 | 38 808 | 40 854 | 43 005 |
| Repairs and Maintenance<br>by Expenditure Item | 8 |        |        |        |        |        |        |        |        |        |        |
| Employee related costs                         |   |        |        |        |        |        |        |        |        |        |        |
| Other materials                                |   | 12 227 | 15 064 | 18 727 | 29 659 | 21 737 | 18 304 | 18 304 | 18 062 | 19 127 | 20 256 |
| Contracted Services                            |   |        |        |        |        |        |        |        |        |        |        |
| Other Expenditure                              |   |        |        |        |        |        |        |        |        |        |        |
| Total Repairs and Maintenance Expenditure      | 9 | 12 227 | 15 064 | 18 727 | 29 659 | 21 737 | 18 304 | 18 304 | 18 062 | 19 127 | 20 256 |

**Explanatory notes to KZN263 Table A1 - Budget Summary**

1. *Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).*
2. *The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.*
3. *Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:*
  - a) *The operating surplus/deficit (after Total Expenditure) is negative over the MTREF*
  - b) *Capital expenditure is balanced by capital funding sources, of which*
    - I. *Transfers recognised is reflected on the Financial Performance Budget;*
    - II. *Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.*
4. *The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a smaller deficit is reflected.*
5. *Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The Section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2019/20 the water backlog will have been very nearly eliminated.*



Table 18 KZN263 Table SA2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

| Description  | R<br>ef | Vote 1 -<br>Executiv<br>e &<br>Council | Vote 2 -<br>Finance | Vote 3 -<br>Administ<br>ration | Vote 4 -<br>Communi<br>ty &<br>Social<br>Services | Vote 5 -<br>Road<br>Transp<br>ort | Vote 6 -<br>Energy<br>Sources | Vote 7 -<br>Housing | Vote 8<br>-<br>Intern<br>al Audit | Vote 9 -<br>Other | Vote 10 -<br>Planning<br>&<br>Develop<br>ment | Vote 11 -<br>Public<br>Safety | Vote 12 -<br>Waste<br>Manage<br>ment | Vote 13 -<br>Waste<br>Water<br>Manage<br>ment | Vote 14 -<br>Water<br>Manage<br>ment | Vote<br>15 - | Total   |
|--|---------|--|---------------------|--------------------------------|---|-----------------------------------|-------------------------------|---------------------|-----------------------------------|-------------------|---|-------------------------------|--------------------------------------|---|--------------------------------------|--------------|---------|
| R thousand   | 1       |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              |         |
| <b>Revenue By Source</b>   |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              |         |
| Property rates   |         |  | 65 000              |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 65 000  |
| Service charges - electricity revenue                                |         |  |                     |                                |   |                                   | 176 530                       |                     |                                   |                   |   |                               |                                      |   |                                      |              | 176 530 |
| Service charges - water revenue                                      |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   | 18 972                               |              | 18 972  |
| Service charges - sanitation revenue                                 |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               | 26 550                               |   |                                      |              | 26 550  |
| Service charges - refuse revenue                                     |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   | 20 284                        |                                      |   |                                      |              | 20 284  |
| Service charges - other  |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | -       |
| Rental of facilities and equipment                                   |         |  | 1 043               | 5                              | 97  |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 1 145   |
| Interest earned - external investments                               |         |  | 1 750               |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 1 750   |
| Interest earned - outstanding debtors                                |         |  | 3 013               |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 3 013   |
| Dividends received   |         |  | -                   |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | -       |
| Fines, penalties and forfeits  |         |  | -                   |                                | 10  |                                   |                               |                     |                                   |                   |   | 2 000                         |                                      |   |                                      |              | 2 010   |
| Licences and permits   |         |  | -                   |                                |   |                                   |                               |                     |                                   | 2 000             |   | 2 443                         |                                      |   |                                      |              | 4 443   |
| Agency services  |         |  | -                   |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | -       |
| Other revenue  |         |  | 999                 |                                | 148   | 254                               |                               |                     |                                   | 100               | 270   |                               |                                      |   |                                      |              | 1 771   |
| Transfers and subsidies  |         |  | 119 093             | 1 505                          | 4 052   | 37 740                            |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 162 390 |
| Gains on disposal of PPE   |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | -       |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |         | -                                      | 190 898             | 1 510                          | 4 308   | 37 94                             | 176 530                       | -                   | -                                 | 2 100             | 270   | 4 443                         | 20 284                               | 26 550  | 18 972                               | -            | 483 858 |
| <b>Expenditure By Type</b>   |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              |         |
| Employee related costs   |         | 6 314                                  | 17 482              | 16 272                         | 11 238  | 11 129                            | 20 137                        | 2 135               |                                   | 1 829             | 4 192   | 12 079                        | 4 789                                | 18 622  | 15 547                               |              | 141 765 |
| Remuneration of councillors  |         | 17 650                                 | -                   | -                              | -   | -                                 | -                             |                     |                                   | -                 | -   | -                             | -                                    | -   | -                                    |              | 17 650  |
| Debt impairment  |         | -                                      | -                   | -                              | -   | -                                 | -                             |                     |                                   | -                 | -   | -                             | -                                    | -   | -                                    |              | -       |
| Depreciation & asset impairment                                      |         | 4 543                                  | 510                 | 5 676                          | 6 442   | 19 116                            | 21 240                        |                     |                                   | -                 | 40  | 42                            | 8 018                                | 10 737  | 11 682                               |              | 88 047  |
| Finance charges  |         | -                                      | 620                 | -                              | -   | -                                 | -                             |                     |                                   | -                 | -   | -                             | -                                    | -   | -                                    |              | 620     |
| Bulk purchases   |         | -                                      | -                   | -                              | -   | -                                 | 147 680                       |                     |                                   | -                 | -   | -                             | -                                    | 6 000   | -                                    |              | 153 680 |
| Other materials  |         | -                                      | 10                  | 1 122                          | 730   | 5 828                             | 6 166                         |                     |                                   | 1                 | -   | 405                           | 200                                  | 1 508   | 1 933                                |              | 17 902  |
| Contracted services  |         | 11 140                                 | 4 375               | 4 820                          | 6 970   | 22 800                            | 3 961                         |                     |                                   | -                 | 500   | 13 000                        | 12 691                               | 500   | 3 122                                |              | 83 879  |
| Transfers and subsidies  |         | -                                      | 3 577               | 1 505                          | -   | -                                 | 3 398                         |                     |                                   | -                 | -   | -                             | 4 960                                | 5 756   | 2 060                                |              | 21 256  |
| Other expenditure  |         | 32 120                                 | 3 870               | 2 707                          | 3 038   | 298                               | 7 547                         | 427                 |                                   | 28                | 8 363   | 2 044                         | 126                                  | 599   | 3 109                                |              | 64 276  |

|  |          |         |          |          |          |          |         |   |       |          |          |          |          |          |   |          |
|--|----------|---------|----------|----------|----------|----------|---------|---|-------|----------|----------|----------|----------|----------|---|----------|
| Loss on disposal of PPE  | -        | -       | -        | -        | -        |          |         |   | -     | -        | -        | -        | -        | -        | - | -        |
| Total Expenditure  | 71 767   | 30 444  | 32 102   | 28 418   | 59 171   | 210 129  | 2 562   | - | 1 858 | 13 095   | 27 570   | 30 783   | 43 721   | 37 453   | - | 589 075  |
| Surplus/(Deficit)  | (71 767) | 160 454 | (30 592) | (24 111) | (21 177) | (33 599) | (2 562) | - | 242   | (12 825) | (23 127) | (10 499) | (17 171) | (18 481) | - | (105217) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |          |         |          |          | 37 740   | 15 000   |         |   |       |          |          |          |          |          |   | 52 740   |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |          |         |          |          |          |          |         |   |       |          |          |          |          |          |   | -        |
| Transfers and subsidies - capital (in-kind - all)  |          |         |          |          |          |          |         |   |       |          |          |          |          |          |   | -        |
| Surplus/(Deficit) after capital transfers & contributions  | (71 767) | 160 454 | (30 592) | (24 111) | 16 563   | (18 599) | (2 562) | - | 242   | (12 825) | (23 127) | (10 499) | (17 171) | (18 481) | - | (52 477) |

**Explanatory notes to KZN263 Table A2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)**

1. *Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.*
2. *Note the Total Revenue on this table includes capital revenues (Transfers recognised – Capital) and so does not balance to the operating revenue shown on Table A4.*
3. *Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Electricity, Water, Solid Waste and Waste water functions. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.*
4. *Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Governance & Administration.*

**Table 19 KZN263 Table SA3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)**

| Description                                  | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>ASSETS</b>                                |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <u>Call investment deposits</u>              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Call deposits                                |     | 41 643          | 26 071          | 16 580          | 16 580               | 8 302           | 8 302              | 8 302             | 8 302   | 8 302                  | 8 302                  |
| Other current investments                    |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Total Call investment deposits               | 2   | 41 643          | 26 071          | 16 580          | 16 580               | 8 302           | 8 302              | 8 302             | 8 302   | 8 302                  | 8 302                  |
| <u>Consumer debtors</u>                      |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Consumer debtors                             |     | 46 962          | 74 485          | 42 748          | 33 213               | 33 213          | 33 213             | 33 213            | 33 213  | 33 213                 | 33 213                 |
| Less: Provision for debt impairment          |     | (4 992)         | (4 968)         | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Total Consumer debtors                       | 2   | 41 970          | 69 517          | 42 748          | 33 213               | 33 213          | 33 213             | 33 213            | 33 213  | 33 213                 | 33 213                 |
| <u>Debt impairment provision</u>             |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Balance at the beginning of the year         |     | (31 237)        | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Contributions to the provision               |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Bad debts written off                        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Balance at end of year                       |     | (31 237)        | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <u>Property, plant and equipment (PPE)</u>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| PPE at cost/valuation (excl. finance leases) |     | 3 093 183       | 3 141 856       | 3 765 737       | 3 106 748            | 3 106 748       | 3 106 748          | 3 106 748         | 3 106 748   | 3 106 748              | 3 106 748              |
| Leases recognised as PPE                     | 3   | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Less: Accumulated depreciation               |     | 1 551 688       | 1 634 380       | 3 734 102       |                      |                 |                    |                   |   |                        |                        |
| Total Property, plant and equipment (PPE)    | 2   | 1 541 495       | 1 507 476       | 31 635          | 3 106 748            | 3 106 748       | 3 106 748          | 3 106 748         | 3 106 748   | 3 106 748              | 3 106 748              |
| <b>LIABILITIES</b>                           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <u>Current liabilities - Borrowing</u>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Short term loans (other than bank overdraft) |     | 1 381           | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Current portion of long-term liabilities     |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Total Current liabilities - Borrowing        |     | 1 381           | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <u>Trade and other payables</u>              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Trade and other creditors                    |     | 57 094          | 66 129          | 31 980          | 69 646               | 69 646          | 69 646             | 69 646            | 69 646  | 69 646                 | 69 646                 |
| Unspent conditional transfers                |     | 6 310           | 5 245           | –               | 8 036                | 8 036           | 8 036              | 8 036             | 8 036   | 8 036                  | 8 036                  |
| VAT  |     | (3 402)         | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |

|   |   |           |           |           |           |           |           |           |           |           |           |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Trade and other payables                    | 2 | 60 002    | 71 374    | 31 980    | 77 682    | 77 682    | 77 682    | 77 682    | 77 682    | 77 682    | 77 682    |
| <b><u>Non current liabilities - Borrowing</u></b> |   |           |           |           |           |           |           |           |           |           |           |
| Borrowing   | 4 | -         | -         | 6 764     | -         | -         | -         | -         | -         | -         | -         |
| Finance leases (including PPP asset element)      |   | -         | -         | 124 677   | -         | -         | -         | -         | -         | -         | -         |
| Total Non current liabilities - Borrowing         |   | -         | -         | 131 440   | -         | -         | -         | -         | -         | -         | -         |
| <b><u>Provisions - non-current</u></b>            |   |           |           |           |           |           |           |           |           |           |           |
| Retirement benefits                               |   | 36 565    | 62 275    | 62 275    | 69 279    | 69 279    | 69 279    | 69 279    | 69 279    | 69 279    | 69 279    |
| List other major provision items                  |   |           |           |           |           |           |           |           |           |           |           |
| Refuse landfill site rehabilitation               |   | 53 122    | 55 632    | 61 334    | 61 334    | 61 334    | 61 334    | 61 334    | 61 334    | 61 334    | 61 334    |
| Other   |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Total Provisions - non-current                    |   | 89 687    | 117 907   | 123 609   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   |
| <b>CHANGES IN NET ASSETS</b>                      |   |           |           |           |           |           |           |           |           |           |           |
| <b><u>Accumulated Surplus/(Deficit)</u></b>       |   |           |           |           |           |           |           |           |           |           |           |
| Accumulated Surplus/(Deficit) - opening balance   |   | 1 577 136 | 1 469 444 | 3 734 102 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 |
| GRAP adjustments                                  |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Restated balance                                  |   | 1 577 136 | 1 469 444 | 3 734 102 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 |
| Surplus/(Deficit)                                 |   | 59 164    | 54 817    | 73 544    | (144 167) | (63 702)  | (45 975)  | (30 972)  | (55 542)  | (57 305)  | (62 805)  |
| Appropriations to Reserves                        |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Transfers from Reserves                           |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Depreciation offsets                              |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Other adjustments                                 |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Accumulated Surplus/(Deficit)                     | 1 | 1 636 300 | 1 524 261 | 3 807 647 | 1 249 155 | 1 329 620 | 1 347 348 | 1 362 350 | 1 337 780 | 1 336 018 | 1 330 517 |
| <b><u>Reserves</u></b>                            | - |           |           |           |           |           |           |           |           |           |           |
| Housing Development Fund                          |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Capital replacement                               |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Self-insurance                                    |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Other reserves                                    |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Revaluation                                       |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Total Reserves                                    | 2 | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| TOTAL COMMUNITY WEALTH/EQUITY                     | 2 | 1 636 300 | 1 524 261 | 3 807 647 | 1 249 155 | 1 329 620 | 1 347 348 | 1 362 350 | 1 337 780 | 1 336 018 | 1 330 517 |

**Explanatory notes to KZN263 Table A3 - Budgeted Financial Performance (Revenue and Expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 20 Surplus/ (Deficit) calculations for the trading services**

| Vote Description<br>R thousand       | R ef     | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--------------------------------------|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|                                      |          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>Revenue by Vote</b>               | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - Executive & Council         |          | 6 909           | 1 049           | 1 025           | 16                   | 39              | 58                 | -   | -                      | -                      |
| Vote 2 - Finance                     |          | 154 262         | 206 917         | 171 434         | 180 288              | 179 809         | 179 654            | 190 898   | 207 310                | 219 838                |
| Vote 3 - Administration              |          | 6 490           | 15 664          | 5 364           | 1 565                | 1 403           | 1 401              | 1 510   | 5                      | 6                      |
| Vote 4 - Community & Social Services |          | 3 161           | 3 444           | 3 416           | 4 152                | 3 950           | 3 764              | 4 307   | 4 523                  | 4 738                  |
| Vote 5 - Road Transport              |          | 41 860          | 51 604          | 49 109          | 39 391               | 28 684          | 3 715              | 42 436  | 44 727                 | 47 147                 |
| Vote 6 - Energy Sources              |          | 157 854         | 154 577         | 180 951         | 197 587              | 190 301         | 161 915            | 191 530   | 207 983                | 225 973                |
| Vote 7 - Housing                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 8 - Internal Audit              |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 9 - Other                       |          | 2 047           | 1 855           | 2 022           | 2 232                | 1 950           | 1 865              | 2 100   | 2 218                  | 2 343                  |
| Vote 10 - Planning & Development     |          | 21 774          | 153             | 8 987           | 197                  | 172             | 164                | 270   | 1 486                  | 303                    |
| Vote 11 - Public Safety              |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 12 - Waste Management           |          | 17 486          | 15 946          | 17 441          | 19 496               | 19 100          | 18 904             | 20 284  | 22 313                 | 24 544                 |
| Vote 13 - Waste Water Management     |          | 19 208          | 25 914          | 22 891          | 26 428               | 25 000          | 22 042             | 26 550  | 29 205                 | 32 126                 |
| Vote 14 - Water Management           |          | 39 988          | 37 238          | 34 902          | 41 519               | 17 880          | 13 786             | 18 972  | 20 869                 | 22 956                 |
| Vote 15 -                            |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Revenue by Vote</b>         | <b>2</b> | <b>471 037</b>  | <b>514 360</b>  | <b>497 542</b>  | <b>512 872</b>       | <b>468 287</b>  | <b>407 268</b>     | <b>498 858</b>                                      | <b>540 640</b>         | <b>579 973</b>         |

2. The electricity trading is not showing signs of improvement over the 2017/18 MTREF from a deficit in the adjustment budget for 2016/17 of approximately R 14,2 million to a deficit of R 33,5 million in 2017/18 and increases in the outer two years. This is primarily as a result of the high increases in ESKOM bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers as well as additional requirements from the Section to upgrade the ageing infrastructure which is a non-cash item of depreciation.
3. The deficit on the water account remains relatively constant over the MTREF translating into a deficit of R 18,9 million and R 19,3 million for each of the respective outer financial years; and in the 2017/18 a deficit of R 18,4 million is forecast. This is mainly due to the severe drought experienced over the past year in the region.
4. Note that there is no longer surpluses on these trading accounts that can be utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and are not used to cross-subsidise other municipal services.

Table 21 KZN263 Table A4 - Budgeted Financial Performance (Revenue and Expenditure)

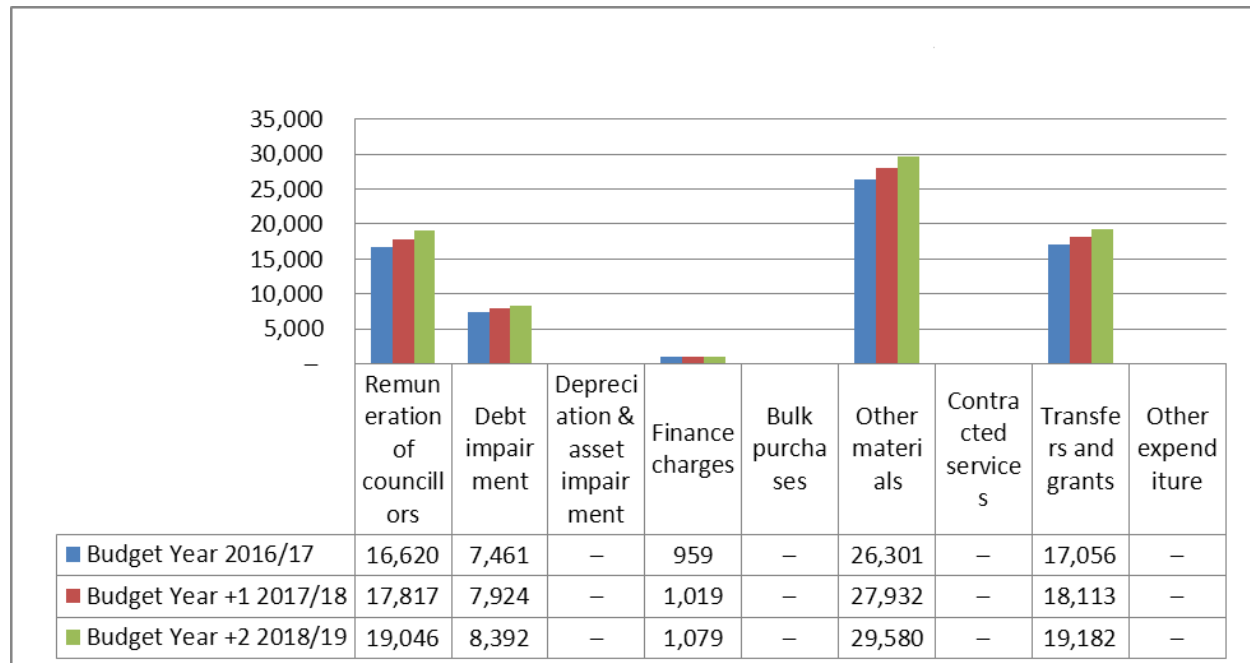
| Description  | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand   | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Revenue By Source</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 2   | 49 942          | 59 010          | 59 014          | 64 184               | 63 500          | 63 291             | 63 291            | 65 000  | 68 835                 | 72 896                 |
| Service charges - electricity revenue                                | 2   | 138 393         | 143 521         | 160 862         | 175 988              | 167 101         | 159 014            | 161 915           | 173 132   | 189 384                | 207 162                |
| Service charges - water revenue                                      | 2   | 34 062          | 33 944          | 32 026          | 38 321               | 15 940          | 11 874             | 13 786            | 16 912  | 18 688                 | 20 646                 |
| Service charges - sanitation revenue                                 | 2   | 15 576          | 21 214          | 18 401          | 20 458               | 19 580          | 16 518             | 22 042            | 20 794  | 23 109                 | 25 670                 |
| Service charges - refuse revenue                                     | 2   | 11 284          | 12 446          | 13 891          | 14 806               | 14 430          | 14 239             | 18 904            | 15 325  | 17 060                 | 18 982                 |
| Service charges - other  |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Rental of facilities and equipment                                   |     | 1 189           | 1 297           | 1 223           | 1 463                | 1 497           | 1 268              | 1 268             | 1 145   | 1 214                  | 1 287                  |
| Interest earned - external investments                               |     | 4 369           | 3 166           | 1 730           | 1 956                | 1 250           | 1 973              | 1 973             | 1 750   | 1 853                  | 1 963                  |
| Interest earned - outstanding debtors                                |     | 5               | –               | 15              | 16                   | 13              | 13                 | 13                | 13  | 14                     | 15                     |
| Dividends received   |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Fines, penalties and forfeits  |     | 9 375           | 8 297           | 8 621           | 1 713                | 1 108           | 1 155              | 1 155             | 2 010   | 2 129                  | 2 254                  |
| Licences and permits   |     | 4 415           | 4 063           | 4 236           | 4 493                | 4 250           | 4 172              | 4 172             | 4 443   | 4 705                  | 4 982                  |
| Agency services  |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Transfers and subsidies  |     | 163 051         | 113 621         | 112 829         | 114 588              | 114 588         | 114 588            | 114 588           | 124 650   | 135 522                | 143 762                |
| Other revenue  | 2   | 43 348          | 45 828          | 60 993          | 2 218                | 49 800          | 2 762              | 2 762             | 42 511  | 45 999                 | 47 215                 |
| Gains on disposal of PPE   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |     | <b>475 009</b>  | <b>446 406</b>  | <b>473 843</b>  | <b>440 205</b>       | <b>453 057</b>  | <b>390 868</b>     | <b>405 870</b>    | <b>467 684</b>                                      | <b>508 512</b>         | <b>546 834</b>         |
| <b>Expenditure By Type</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs   | 2   | 107 749         | 122 588         | 128 873         | 145 781              | 132 515         | 130 515            | 130 515           | 142 024   | 152 373                | 162 683                |
| Remuneration of councillors  |     | 13 981          | 14 819          | 15 798          | 16 620               | 16 620          | 16 416             | 16 416            | 17 650  | 18 868                 | 20 170                 |
| Debt impairment  | 3   | 7 128           | 16 848          | 6 150           | 7 461                | 6 500           | 5 596              | 5 596             | 6 903   | 7 310                  | 7 742                  |
| Depreciation & asset impairment                                      | 2   | 108 415         | 99 106          | 82 095          | 110 958              | 82 931          | 72 361             | 72 361            | 88 047  | 93 242                 | 98 744                 |
| Finance charges  |     | 3 079           | 1 623           | 347             | 959                  | 620             | 8                  | 8                 | 620   | 657                    | 695                    |
| Bulk purchases   | 2   | 122 108         | 127 786         | 143 324         | 159 013              | 147 800         | 137 150            | 137 150           | 153 680   | 171 012                | 190 074                |
| Other materials  | 8   | –               | –               | 18 727          | 29 659               | 21 737          | 18 304             | 18 304            | 18 062  | 19 127                 | 20 256                 |
| Contracted services  |     | 28 723          | 43 121          | 38 950          | 85 215               | 97 313          | 53 837             | 53 837            | 92 020  | 97 920                 | 102 826                |
| Transfers and subsidies  |     | 33 798          | 15 610          | 15 721          | 26 213               | 19 173          | 16 926             | 16 926            | 18 151  | 19 222                 | 20 356                 |

|                         |      |         |         |         |         |         |         |         |         |         |         |
|-------------------------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Other expenditure       | 4, 5 | (135)   | -       | -       | 57 571  | 36 629  | 30 805  | 30 805  | 38 808  | 40 854  | 43 005  |
| Loss on disposal of PPE |      | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Total Expenditure       |      | 424 845 | 441 500 | 449 986 | 639 450 | 561 838 | 481 920 | 481 920 | 575 966 | 620 585 | 666 550 |



**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R 483, 8 million in 2017/18 and escalates to R564, 9 million by 2019/20. This represents a year-on-year increase of 6, 1% for the 2017/18 financial year and 6% for the 2019/20 financial year.
2. Revenue to be generated from property rates is R 65 million in the 2017/18 financial year and increases to R 72,8 million by 2019/20 which represents 13,9% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R248,2 million for the 2017/18 financial year and increasing to R 272,6 million by 2019/20. A notable trend is the growth in the total percentage revenue generated from services charges which remains constant at 6,1%, 6% and 6% in 2017/18, 2018/19 and 2019/20.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 5,9 for the two outer years. The percentage share of this revenue source increases due to the new formula that was implemented for the Equitable Share allocation.
5. The following graph illustrates the major expenditure items per type.

**Figure 3 Expenditure by Major Type**

6. *Bulk purchases have significantly increased over the 2016/17 to 2019/20 period escalating from R 147 million to R 190 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from ESKOM.*
7. *Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.*

Table 22 KZN263 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description                                  | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand  | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Capital expenditure - Vote</b>                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Multi-year expenditure to be appropriated</b>  | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Executive & Council                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 2 - Finance                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 3 - Administration                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 4 - Community & Social Services              |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 5 - Road Transport                           |     | -               | 40 911          | 39 936          | 35 078               | 25 078          | 25 078             | 25 078            | 37 740  | 39 769                 | 41 911                 |
| Vote 6 - Energy Sources                           |     | 9 000           | 9 000           | 18 089          | 20 000               | 20 000          | 20 000             | 20 000            | 15 000  | 15 000                 | 15 000                 |
| Vote 7 - Housing                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 8 - Internal Audit                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 9 - Other                                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 10 - Planning & Development                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 11 - Public Safety                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 12 - Waste Management                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 13 - Waste Water Management                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 14 - Water Management                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 15 -   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Capital multi-year expenditure sub-total          | 7   | 9 000           | 49 911          | 58 025          | 55 078               | 45 078          | 45 078             | 45 078            | 52 740  | 54 769                 | 56 911                 |
| <b>Single-year expenditure to be appropriated</b> | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Executive & Council                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 2 - Finance                                  |     | 63              | 38              | 122             | 426                  | 200             | -                  | -                 | 200   | 212                    | 224                    |
| Vote 3 - Administration                           |     | 112             | 314             | 189             | 831                  | 630             | 213                | 213               | 630   | 667                    | 707                    |
| Vote 4 - Community & Social Services              |     | 67              | 119             | 20              | 1 269                | 1 211           | 6                  | 6                 | 1 195   | 1 207                  | 1 278                  |
| Vote 5 - Road Transport                           |     | 128             | -               | 1 507           | 423                  | 300             | 8                  | 8                 | 300   | 318                    | 336                    |
| Vote 6 - Energy Sources                           |     | 1 919           | 4 524           | 5 275           | 9 000                | 3 500           | 34                 | 34                | 5 000   | 5 295                  | 5 607                  |
| Vote 7 - Housing                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 8 - Internal Audit                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 9 - Other                                    |     | -               | -               | -               | 11                   | 7               | 5                  | 5                 | 7   | 7                      | 8                      |
| Vote 10 - Planning & Development                  |     | 251             | -               | 16              | 42                   | 25              | 8                  | 8                 | 25  | 26                     | 28                     |
| Vote 11 - Public Safety                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 12 - Waste Management                        |     | -               | 26              | -               | 61                   | 35              | -                  | -                 | 35  | 37                     | 39                     |
| Vote 13 - Waste Water Management                  |     | 14              | 591             | 12              | 1 652                | 450             | -                  | -                 | 550   | 582                    | 617                    |
| Vote 14 - Water Management                        |     | 22              | -               | 192             | 1 823                | 505             | 16                 | 16                | 505   | 535                    | 566                    |
| Vote 15 -   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |

|   |  |        |        |        |        |        |        |        |        |        |        |
|---|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Capital single-year expenditure sub-total |  | 2 576  | 5 612  | 7 334  | 15 539 | 6 863  | 290    | 290    | 8 447  | 8 886  | 9 411  |
| Total Capital Expenditure - Vote          |  | 11 576 | 55 523 | 65 359 | 70 617 | 51 941 | 45 368 | 45 368 | 61 187 | 63 655 | 66 322 |

***Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source***

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18 R 52, 7 million has been allocated of the total R 61, 1 million capital budgets, which total 86, 19%. This allocation increases to R 54,7 million in 2018/19 and then increases to R56,9 million in 2019/20
3. Single-year capital expenditure has been appropriated at R 8, 4 million for the 2017/18 financial year and increases over the MTREF at levels of R 8, 8 million and R 9, 4 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2017/18, capital transfers totals R 52, 7 million and increases to R 56, 9 million by 2019/20. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 KZN263 Table A6 - Budgeted Financial Position

| Description                              | Ref | 2013/14          | 2014/15          | 2015/16         | Current Year 2016/17 |                  |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|------------------|------------------|-----------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome  | Audited Outcome  | Audited Outcome | Original Budget      | Adjusted Budget  | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand                               |     |                  |                  |                 |                      |                  |                    |                   |   |                        |                        |
| <b>ASSETS</b>                            |     |                  |                  |                 |                      |                  |                    |                   |   |                        |                        |
| Current assets                           |     |                  |                  |                 |                      |                  |                    |                   |   |                        |                        |
| Cash                                     |     | 53 151           | 10 565           | 16 580          | 10 565               | 10 565           | 10 565             | 10 565            | 10 565  | 10 565                 | 10 565                 |
| Call investment deposits                 | 1   | 41 643           | 26 071           | 16 580          | 16 580               | 8 302            | 8 302              | 8 302             | 8 302   | 8 302                  | 8 302                  |
| Consumer debtors                         | 1   | 41 970           | 69 517           | 42 748          | 33 213               | 33 213           | 33 213             | 33 213            | 33 213  | 33 213                 | 33 213                 |
| Other debtors                            |     | 26 646           | 18 191           | 44 082          | 18 191               | 58 088           | 58 088             | 58 088            | 58 088  | 58 088                 | 58 088                 |
| Current portion of long-term receivables |     | –                | –                | –               | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Inventory                                | 2   | 7 894            | 11 943           | 12 493          | 11 943               | 7 027            | 7 027              | 7 027             | 7 027   | 7 027                  | 7 027                  |
| <b>Total current assets</b>              |     | <b>171 304</b>   | <b>136 287</b>   | <b>132 483</b>  | <b>90 492</b>        | <b>117 194</b>   | <b>117 194</b>     | <b>117 194</b>    | <b>117 194</b>                                      | <b>117 194</b>         | <b>117 194</b>         |
| Non current assets                       |     |                  |                  |                 |                      |                  |                    |                   |   |                        |                        |
| Long-term receivables                    |     | –                | –                | –               | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Investments                              |     | –                | –                | –               | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Investment property                      |     | 27 677           | 25 390           | 34 767          | 25 390               | 26 946           | 26 946             | 26 946            | 26 946  | 26 946                 | 26 946                 |
| Investment in Associate                  |     | –                | –                | –               | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Property, plant and equipment            | 3   | 1 541 495        | 1 507 476        | 31 635          | 3 106 748            | 3 106 748        | 3 106 748          | 3 106 748         | 3 106 748   | 3 106 748              | 3 106 748              |
| Agricultural                             |     | –                | –                | –               | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Biological                               |     | –                | –                | –               | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Intangible                               |     | 570              | 202              | 1 713           | 202                  | 92               | 92                 | 92                | 92  | 92                     | 92                     |
| Other non-current assets                 |     | –                | 3 854            | –               | 3 855                | 3 855            | 3 855              | 3 855             | 3 855   | 3 855                  | 3 855                  |
| <b>Total non current assets</b>          |     | <b>1 569 742</b> | <b>1 536 922</b> | <b>68 114</b>   | <b>3 136 194</b>     | <b>3 137 640</b> | <b>3 137 640</b>   | <b>3 137 640</b>  | <b>3 137 640</b>                                    | <b>3 137 640</b>       | <b>3 137 640</b>       |
| <b>TOTAL ASSETS</b>                      |     | <b>1 741 046</b> | <b>1 673 209</b> | <b>200 597</b>  | <b>3 226 686</b>     | <b>3 254 835</b> | <b>3 254 835</b>   | <b>3 254 835</b>  | <b>3 254 835</b>                                    | <b>3 254 835</b>       | <b>3 254 835</b>       |
| <b>LIABILITIES</b>                       |     |                  |                  |                 |                      |                  |                    |                   |   |                        |                        |
| Current liabilities                      |     |                  |                  |                 |                      |                  |                    |                   |   |                        |                        |
| Bank overdraft                           | 1   | –                | –                | –               | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Borrowing                                | 4   | 1 381            | –                | –               | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Consumer deposits                        |     | 12 841           | 13 103           | 13 592          | 13 103               | 13 592           | 13 592             | 13 592            | 13 592  | 13 592                 | 13 592                 |
| Trade and other payables                 | 4   | 60 002           | 71 374           | 31 980          | 77 682               | 77 682           | 77 682             | 77 682            | 77 682  | 77 682                 | 77 682                 |
| Provisions                               |     | –                | 1 381            | –               | 1 381                | –                | –                  | –                 | –   | –                      | –                      |
| <b>Total current liabilities</b>         |     | <b>74 224</b>    | <b>85 858</b>    | <b>45 573</b>   | <b>92 166</b>        | <b>91 274</b>    | <b>91 274</b>      | <b>91 274</b>     | <b>91 274</b>                                       | <b>91 274</b>          | <b>91 274</b>          |
| Non current liabilities                  |     |                  |                  |                 |                      |                  |                    |                   |   |                        |                        |
| Borrowing                                |     | –                | –                | 131 440         | –                    | –                | –                  | –                 | –   | –                      | –                      |
| Provisions                               |     | 89 687           | 117 907          | 123 609         | 130 613              | 130 613          | 130 613            | 130 613           | 130 613   | 130 613                | 130 613                |

|                               |   |           |           |           |           |           |           |           |           |           |           |
|-------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total non current liabilities |   | 89 687    | 117 907   | 255 050   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   |
| TOTAL LIABILITIES             |   | 163 911   | 203 765   | 300 622   | 222 779   | 221 888   | 221 888   | 221 888   | 221 888   | 221 888   | 221 888   |
| NET ASSETS                    | 5 | 1 577 136 | 1 469 444 | (100 025) | 3 003 906 | 3 032 947 | 3 032 947 | 3 032 947 | 3 032 947 | 3 032 947 | 3 032 947 |
| COMMUNITY WEALTH/EQUITY       |   |           |           |           |           |           |           |           |           |           |           |
| Accumulated Surplus/(Deficit) |   | 1 577 136 | 1 469 444 | 3 734 102 | 1 455 366 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 |
| Reserves                      | 4 | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | 1 577 136 | 1 469 444 | 3 734 102 | 1 455 366 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 |

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 41) providing a detailed analysis of the major components of a number of items, including:
  - *Call investments deposits;*
  - *Consumer debtors;*
  - *Property, plant and equipment;*
  - *Trade and other payables;*
  - *Provisions non current;*
  - *Changes in net assets; and*
  - *Reserves*
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



Table 24 KZN263 Table A7 - Budgeted Cash Flow from Operating activities Statement

| Description                                       | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates                                    |     | 38 866          | 60 900          | 61 332          | 66 316               | 66 700          | 66 116             | 66 116            | 65 000  | 68 835                 | 72 896                 |
| Service charges                                   |     | 210 439         | 224 763         | 283 614         | 247 893              | 232 281         | 216 648            | 216 648           | 242 336   | 265 370                | 290 599                |
| Other revenue                                     |     | 58 327          | 13 731          | –               | 11 936               | 8 153           | 8 120              | 8 120             | 47 109  | 52 824                 | 54 589                 |
| Government - operating                            | 1   | 133 084         | 114 773         | 112 829         | 114 513              | 114 513         | 114 513            | 114 513           | 124 650   | 133 567                | 141 547                |
| Government - capital                              | 1   | 9 000           | 49 911          | 49 687          | 55 078               | 45 078          | 45 078             | 45 078            | 52 740  | 54 769                 | 56 911                 |
| Interest  |     | 4 375           | 3 166           | 1 746           | 1 972                | 1 250           | 1 973              | 1 973             | 4 763   | 5 044                  | 5 342                  |
| Dividends   |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Payments  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Suppliers and employees                           |     | (418 410)       | (403 580)       | (401 053)       | (491 946)            | (459 013)       | (396 312)          | (396 312)         | (557 195)   | (600 706)              | (645 498)              |
| Finance charges                                   |     | (3 079)         | (458)           | (926)           | (959)                | (606)           | (8)                | (8)               | (620)   | (657)                  | (695)                  |
| Transfers and Grants                              | 1   | (33 798)        | (15 610)        | (15 721)        | (26 112)             | (19 078)        | (16 831)           | (16 831)          | (18 151)  | (19 222)               | (20 356)               |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |     | <b>(1 196)</b>  | <b>47 596</b>   | <b>91 507</b>   | <b>(21 310)</b>      | <b>(10 722)</b> | <b>39 297</b>      | <b>39 297</b>     | <b>(39 368)</b>                                     | <b>(40 176)</b>        | <b>(44 666)</b>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                       |     | –               | 677             | (294)           | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Decrease (Increase) in non-current debtors        |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Decrease (increase) other non-current receivables |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Decrease (increase) in non-current investments    |     | –               | –               | –               | 132 743              | 99 961          | 87 260             | 87 260            | 106 133   | 112 395                | 119 026                |
| Payments  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital assets                                    |     | (9 000)         | (59 670)        | (65 359)        | (70 617)             | (51 941)        | (13 107)           | (13 107)          | (61 187)  | (63 655)               | (66 322)               |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |     | <b>(9 000)</b>  | <b>(58 994)</b> | <b>(65 653)</b> | <b>62 126</b>        | <b>48 020</b>   | <b>74 153</b>      | <b>74 153</b>     | <b>44 946</b>                                       | <b>48 740</b>          | <b>52 705</b>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Short term loans                                  |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Borrowing long term/refinancing                   |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Increase (decrease) in consumer deposits          |     | –               | –               | 692             | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Payments  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Repayment of borrowing                            |     | –               | (5 117)         | (14 369)        | –                    | –               | –                  | –                 | –   | –                      | –                      |

|   |   |          |          |          |        |        |          |          |        |        |        |
|---|---|----------|----------|----------|--------|--------|----------|----------|--------|--------|--------|
| NET CASH FROM/(USED) FINANCING ACTIVITIES |   | -        | (5 117)  | (13 677) | -      | -      | -        | -        | -      | -      | -      |
| NET INCREASE/ (DECREASE) IN CASH HELD     |   | (10 196) | (16 515) | 12 177   | 40 816 | 37 298 | 113 450  | 113 450  | 5 578  | 8 564  | 8 039  |
| Cash/cash equivalents at the year begin:  | 2 | 83 211   | 53 151   | 1 445    | 13 622 | 13 622 | (14 259) | (14 259) | 11 931 | 17 509 | 26 073 |
| Cash/cash equivalents at the year end:    | 2 | 73 015   | 36 636   | 13 622   | 54 438 | 50 920 | 99 191   | 99 191   | 17 509 | 26 073 | 34 112 |

**Table 25 KZN263 Table A8 - Cash & Investments Backed Reserves / Accumulated Surplus Reconciliation**

| Description                                       | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Cash and investments available</b>             |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end             | 1   | 73 015          | 36 636          | 13 622          | 54 438               | 50 920          | 99 191             | 99 191            | 17 509  | 26 073                 | 34 112                 |
| Other current investments > 90 days               |     | 21 780          | (0)             | 19 538          | (27 292)             | (32 053)        | (80 324)           | (80 324)          | 1 358   | (7 206)                | (15 245)               |
| Non current assets - Investments                  | 1   | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <b>Cash and investments available:</b>            |     | <b>94 794</b>   | <b>36 636</b>   | <b>33 160</b>   | <b>27 145</b>        | <b>18 867</b>   | <b>18 867</b>      | <b>18 867</b>     | <b>18 867</b>                                       | <b>18 867</b>          | <b>18 867</b>          |
| <b>Application of cash and investments</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers                     |     | 6 310           | 5 245           | –               | 8 036                | 8 036           | 8 036              | 8 036             | 8 036   | 8 036                  | 8 036                  |
| Unspent borrowing                                 |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Statutory requirements                            | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Other working capital requirements                | 3   | (11 532)        | (13 536)        | (51 385)        | 17 848               | (13 509)        | (27 172)           | (22 151)          | (25 176)  | (25 564)               | (25 519)               |
| Other provisions                                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Long term investments committed                   | 4   | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Reserves to be backed by cash/investments         | 5   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Application of cash and investments:</b> |     | <b>(5 222)</b>  | <b>(8 291)</b>  | <b>(51 385)</b> | <b>25 884</b>        | <b>(5 473)</b>  | <b>(19 136)</b>    | <b>(14 115)</b>   | <b>(17 140)</b>                                     | <b>(17 528)</b>        | <b>(17 483)</b>        |
| <b>Surplus(shortfall)</b>                         |     | <b>100 016</b>  | <b>44 927</b>   | <b>84 545</b>   | <b>1 261</b>         | <b>24 340</b>   | <b>38 003</b>      | <b>32 982</b>     | <b>36 007</b>                                       | <b>36 395</b>          | <b>36 350</b>          |

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality decreased significantly over the 2014/15 to 2015/16 period owing directly to a net decrease in cash for the 2016/17 financial year of R 54, 4 million.
4. The approved 2016/17 MTREF provided for a net increase in cash of R 54,4 million for the 2016/17 financial year, during the Adjustment Budget the resulting changed to an overall projected cash position of R 50,9 million at year end.
5. As part of the 2016/17 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
7. Cash and cash equivalents totals R 17,5 million as at the end of the 2017/18 financial year and increases steadily to R34,1 million by 2019/20.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with Section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. *From the table it can be seen that for the period 2017/18 to 2019/20 the surplus remains constant at R 36 million.*

6. *As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to Section 18 of the MFMA.*
7. *As can be seen the draft budget has been modelled to a surplus of R36 million in 2017/18 to surplus of R 36, 3 million by 2019/20. These figures will be revisited before the tabling of the final budget in May 2017.*

Table 26 KZN263 Table A9 - Asset Management

| Description   | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>R thousand</b>                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>CAPITAL EXPENDITURE</b>                          |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b><u>Total New Assets</u></b>                      | 1   | 11 576          | 55 523          | 65 359          | 70 617               | 51 941          | 45 368             | 61 187  | 63 655                 | 66 322                 |
| <i>Roads Infrastructure</i>                         |     | 130             | 40 929          | 41 419          | 35 078               | 25 078          | 25 078             | 37 940  | 39 981                 | 42 135                 |
| <i>Storm water Infrastructure</i>                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Electrical Infrastructure</i>                    |     | 10 919          | 13 524          | 23 365          | 29 000               | 23 500          | 20 034             | 20 000  | 20 295                 | 20 607                 |
| <i>Water Supply Infrastructure</i>                  |     | 22              | -               | 192             | 1 823                | 505             | 16                 | 505   | 535                    | 566                    |
| <i>Sanitation Infrastructure</i>                    |     | 14              | 591             | 12              | 1 652                | 450             | -                  | 550   | 582                    | 617                    |
| <i>Solid Waste Infrastructure</i>                   |     | -               | 26              | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Rail Infrastructure</i>                          |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Coastal Infrastructure</i>                       |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Information and Communication Infrastructure</i> |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Infrastructure</b>                               |     | <b>11 085</b>   | <b>55 070</b>   | <b>64 987</b>   | <b>67 553</b>        | <b>49 533</b>   | <b>45 128</b>      | <b>58 995</b>                                       | <b>61 393</b>          | <b>63 926</b>          |
| Community Facilities                                |     | 151             | 65              | 44              | -                    | -               | -                  | 1 195   | 1 207                  | 1 278                  |
| Sport and Recreation Facilities                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Community Assets</b>                             |     | <b>151</b>      | <b>65</b>       | <b>44</b>       | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>1 195</b>  | <b>1 207</b>           | <b>1 278</b>           |
| Heritage Assets                                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Revenue Generating                                  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Non-revenue Generating                              |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                               |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Operational Buildings                               |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other Assets  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological or Cultivated Assets                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Servitudes  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Licences and Rights                                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Intangible Assets                                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Computer Equipment                                  |     | 85              | 234             | 128             | 746                  | 600             | 211                | 600   | 635                    | 673                    |
| Furniture and Office Equipment                      |     | 255             | 154             | 199             | 2 318                | 1 808           | 29                 | 397   | 420                    | 446                    |
| Machinery and Equipment                             |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Transport Assets                                    |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Libraries   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Zoo's, Marine and Non-biological Animals            |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b><u>Total Renewal of Existing Assets</u></b>      | 2   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

|  |   |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|---|
| Roads Infrastructure                         |   | - | - | - | - | - | - | - | - | - |
| Storm water Infrastructure                   |   | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure                    |   | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure                  |   | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure                    |   | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure                   |   | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure                          |   | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure                       |   | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure |   | - | - | - | - | - | - | - | - | - |
| <b>Infrastructure</b>                        |   | - | - | - | - | - | - | - | - | - |
| Community Facilities                         |   | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities              |   | - | - | - | - | - | - | - | - | - |
| <b>Community Assets</b>                      |   | - | - | - | - | - | - | - | - | - |
| <b>Heritage Assets</b>                       |   | - | - | - | - | - | - | - | - | - |
| Revenue Generating                           |   | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating                       |   | - | - | - | - | - | - | - | - | - |
| <b>Investment properties</b>                 |   | - | - | - | - | - | - | - | - | - |
| Operational Buildings                        |   | - | - | - | - | - | - | - | - | - |
| Housing                                      |   | - | - | - | - | - | - | - | - | - |
| <b>Other Assets</b>                          |   | - | - | - | - | - | - | - | - | - |
| <b>Biological or Cultivated Assets</b>       |   | - | - | - | - | - | - | - | - | - |
| Servitudes                                   |   | - | - | - | - | - | - | - | - | - |
| Licences and Rights                          |   | - | - | - | - | - | - | - | - | - |
| <b>Intangible Assets</b>                     |   | - | - | - | - | - | - | - | - | - |
| Computer Equipment                           |   | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment               |   | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment                      |   | - | - | - | - | - | - | - | - | - |
| Transport Assets                             |   | - | - | - | - | - | - | - | - | - |
| Libraries                                    |   | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals     |   | - | - | - | - | - | - | - | - | - |
| <b>Total Upgrading of Existing Assets</b>    | 6 | - | - | - | - | - | - | - | - | - |
| Roads Infrastructure                         |   | - | - | - | - | - | - | - | - | - |
| Storm water Infrastructure                   |   | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure                    |   | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure                  |   | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure                    |   | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure                   |   | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure                          |   | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure                       |   | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure |   | - | - | - | - | - | - | - | - | - |
| <b>Infrastructure</b>                        |   | - | - | - | - | - | - | - | - | - |

|   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Community Facilities                                | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Sport and Recreation Facilities                     | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Community Assets                                    | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Heritage Assets                                     | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Revenue Generating                                  | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Non-revenue Generating                              | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Investment properties                               | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Operational Buildings                               | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Housing   | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Other Assets  | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Biological or Cultivated Assets                     | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Servitudes  | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Licences and Rights                                 | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Intangible Assets                                   | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Computer Equipment                                  | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Furniture and Office Equipment                      | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Machinery and Equipment                             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Transport Assets                                    | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Libraries   | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Zoo's, Marine and Non-biological Animals            | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Total Capital Expenditure</b>                    | <b>4</b>      |               |               |               |               |               |               |               |               |
| <i>Roads Infrastructure</i>                         | 130           | 40 929        | 41 419        | 35 078        | 25 078        | 25 078        | 37 940        | 39 981        | 42 135        |
| <i>Storm water Infrastructure</i>                   | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <i>Electrical Infrastructure</i>                    | 10 919        | 13 524        | 23 365        | 29 000        | 23 500        | 20 034        | 20 000        | 20 295        | 20 607        |
| <i>Water Supply Infrastructure</i>                  | 22            | -             | 192           | 1 823         | 505           | 16            | 505           | 535           | 566           |
| <i>Sanitation Infrastructure</i>                    | 14            | 591           | 12            | 1 652         | 450           | -             | 550           | 582           | 617           |
| <i>Solid Waste Infrastructure</i>                   | -             | 26            | -             | -             | -             | -             | -             | -             | -             |
| <i>Rail Infrastructure</i>                          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <i>Coastal Infrastructure</i>                       | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <i>Information and Communication Infrastructure</i> | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Infrastructure</b>                               | <b>11 085</b> | <b>55 070</b> | <b>64 987</b> | <b>67 553</b> | <b>49 533</b> | <b>45 128</b> | <b>58 995</b> | <b>61 393</b> | <b>63 926</b> |
| Community Facilities                                | 151           | 65            | 44            | -             | -             | -             | 1 195         | 1 207         | 1 278         |
| Sport and Recreation Facilities                     | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Community Assets                                    | 151           | 65            | 44            | -             | -             | -             | 1 195         | 1 207         | 1 278         |
| Heritage Assets                                     | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Revenue Generating                                  | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Non-revenue Generating                              | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Investment properties                               | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Operational Buildings                               | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Housing   | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Other Assets  | -             | -             | -             | -             | -             | -             | -             | -             | -             |



|   |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Biological or Cultivated Assets                     |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Servitudes  |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Licences and Rights                                 |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Intangible Assets                                   |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Computer Equipment                                  |          | 85               | 234              | 128              | 746              | 600              | 211              | 600              | 635              | 673              |
| Furniture and Office Equipment                      |          | 255              | 154              | 199              | 2 318            | 1 808            | 29               | 397              | 420              | 446              |
| Machinery and Equipment                             |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Transport Assets                                    |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Libraries   |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Zoo's, Marine and Non-biological Animals            |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>      |          | <b>11 576</b>    | <b>55 523</b>    | <b>65 359</b>    | <b>70 617</b>    | <b>51 941</b>    | <b>45 368</b>    | <b>61 187</b>    | <b>63 655</b>    | <b>66 322</b>    |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>           | <b>5</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <i>Roads Infrastructure</i>                         |          | 682 026          | 178 543          | 178 543          | 178 543          | 178 543          | 178 543          | 178 543          | 178 543          | 178 543          |
| <i>Storm water Infrastructure</i>                   |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <i>Electrical Infrastructure</i>                    |          | 596 992          | 572 862          | 572 862          | 572 862          | 572 862          | 572 862          | 572 862          | 572 862          | 572 862          |
| <i>Water Supply Infrastructure</i>                  |          | 299 714          | 290 010          | 290 010          | 290 010          | 290 010          | 290 010          | 290 010          | 290 010          | 290 010          |
| <i>Sanitation Infrastructure</i>                    |          | 131 637          | 126 000          | 126 000          | 126 000          | 126 000          | 126 000          | 126 000          | 126 000          | 126 000          |
| <i>Solid Waste Infrastructure</i>                   |          | 2 108            | 2 108            | 2 108            | 2 108            | 2 108            | 2 108            | 2 108            | 2 108            | 2 108            |
| <i>Rail Infrastructure</i>                          |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <i>Coastal Infrastructure</i>                       |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <i>Information and Communication Infrastructure</i> |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Infrastructure</b>                               |          | <b>1 712 476</b> | <b>1 169 523</b> | <b>1 169 523</b> | <b>1 169 523</b> | <b>1 169 523</b> | <b>1 169 523</b> | <b>1 169 523</b> | <b>1 169 523</b> | <b>1 169 523</b> |
| Community Facilities                                |          | 85 084           | 79 612           | 79 612           | 79 612           | 79 612           | 79 612           | 79 612           | 79 612           | 79 612           |
| Sport and Recreation Facilities                     |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Community Assets</b>                             |          | <b>85 084</b>    | <b>79 612</b>    | <b>79 612</b>    | <b>79 612</b>    | <b>79 612</b>    | <b>79 612</b>    | <b>79 612</b>    | <b>79 612</b>    | <b>79 612</b>    |
| Heritage Assets                                     |          | 3 074            | 3 855            | 3 855            | 3 855            | 3 855            | 3 855            | 3 855            | 3 855            | 3 855            |
| Revenue Generating                                  |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Non-revenue Generating                              |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Investment properties</b>                        |          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Operational Buildings                               |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Housing   |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Other Assets</b>                                 |          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Biological or Cultivated Assets                     |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Servitudes  |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Licences and Rights                                 |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Intangible Assets</b>                            |          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Computer Equipment                                  |          | 570              | 202              | 1 713            | 1 713            | 1 713            | 1 713            | 1 713            | 1 713            | 1 713            |
| Furniture and Office Equipment                      |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Machinery and Equipment                             |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Transport Assets                                    |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Libraries   |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |

|   |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Zoo's, Marine and Non-biological Animals        |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b> | <b>5</b> | <b>1 798 130</b> | <b>1 249 336</b> | <b>1 250 847</b> | <b>1 250 847</b> | <b>1 250 847</b> | <b>1 250 847</b> | <b>1 250 847</b> | <b>1 250 847</b> | <b>1 250 847</b> |
| <b>EXPENDITURE OTHER ITEMS</b>                  |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Depreciation                                    | 7        | 108 414          | 99 106           | 82 095           | 110 958          | 82 931           | 72 361           | 88 047           | 93 242           | 98 744           |
| <u>Repairs and Maintenance by Asset Class</u>   | 3        | 12 227           | 15 064           | 18 727           | 29 659           | 21 737           | 18 305           | 18 061           | 19 127           | 20 256           |
| Roads Infrastructure                            |          | 4 792            | 5 921            | 8 698            | 13 622           | 10 918           | 11 236           | 5 828            | 6 171            | 6 535            |
| Storm water Infrastructure                      |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Electrical Infrastructure                       |          | 2 177            | 2 435            | 4 675            | 6 649            | 5 535            | 2 685            | 6 166            | 6 535            | 6 915            |
| Water Supply Infrastructure                     |          | 3 019            | 3 311            | 2 614            | 4 376            | 2 413            | 1 824            | 1 933            | 2 047            | 2 167            |
| Sanitation Infrastructure                       |          | 997              | 1 982            | 1 590            | 2 010            | 1 008            | 1 366            | 1 508            | 1 596            | 1 691            |
| Solid Waste Infrastructure                      |          | 21               | -                | 99               | 213              | 120              | -                | 200              | 212              | 224              |
| Rail Infrastructure                             |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Coastal Infrastructure                          |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Information and Communication Infrastructure    |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Infrastructure</b>                           |          | <b>11 006</b>    | <b>13 649</b>    | <b>17 675</b>    | <b>26 871</b>    | <b>19 993</b>    | <b>17 111</b>    | <b>15 634</b>    | <b>16 561</b>    | <b>17 533</b>    |
| Community Facilities                            |          | 838              | 769              | 383              | 1 236            | 645              | 448              | 1 135            | 1 202            | 1 273            |
| Sport and Recreation Facilities                 |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Community Assets</b>                         |          | <b>838</b>       | <b>769</b>       | <b>383</b>       | <b>1 236</b>     | <b>645</b>       | <b>448</b>       | <b>1 135</b>     | <b>1 202</b>     | <b>1 273</b>     |
| Heritage Assets                                 |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Revenue Generating                              |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Non-revenue Generating                          |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Investment properties</b>                    |          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Operational Buildings                           |          | 362              | 469              | 600              | 1 200            | 900              | 618              | 1 000            | 1 059            | 1 121            |
| Housing   |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Other Assets</b>                             |          | <b>362</b>       | <b>469</b>       | <b>600</b>       | <b>1 200</b>     | <b>900</b>       | <b>618</b>       | <b>1 000</b>     | <b>1 059</b>     | <b>1 121</b>     |
| <b>Biological or Cultivated Assets</b>          |          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Servitudes                                      |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Licences and Rights                             |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Intangible Assets</b>                        |          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Computer Equipment                              |          | (31)             | 176              | 69               | 107              | 107              | 104              | 110              | 116              | 123              |
| Furniture and Office Equipment                  |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Machinery and Equipment                         |          | 51               | -                | -                | 246              | 93               | 24               | 182              | 189              | 205              |
| Transport Assets                                |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Libraries                                       |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Zoo's, Marine and Non-biological Animals        |          | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>TOTAL EXPENDITURE OTHER ITEMS</b>            |          | <b>120 641</b>   | <b>114 169</b>   | <b>100 823</b>   | <b>140 617</b>   | <b>104 668</b>   | <b>90 666</b>    | <b>106 108</b>   | <b>112 370</b>   | <b>118 999</b>   |

***Explanatory notes to Table A9 - Asset Management***

- 1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.*
- 2. National Treasury has recommended that municipalities should allocate at least 40 % of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality is not able to meet both these recommendations.*
- 3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.*

Table 27 KZN263 Table A10 - Basic Service Delivery Measurement

| Description                                      | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Outcome | Outcome | Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>Household service targets</b>                 | 1   |         |         |         |                      |                 |                    |   |                        |                        |
| <u>Water:</u>                                    |     |         |         |         |                      |                 |                    |   |                        |                        |
| Piped water inside dwelling                      |     | 17 237  | 17 237  | 34 261  | 67                   | 67              | 67                 | 67  | 67                     | 67                     |
| Piped water inside yard (but not in dwelling)    |     | 14 020  | 14 020  | –       | 65                   | 65              | 65                 | 65  | 65                     | 65                     |
| Using public tap (at least min.service level)    | 2   | 14      | 14      | 14      | 14                   | 14              | 14                 | 14  | 14                     | 14                     |
| Other water supply (at least min.service level)  | 4   | 12      | 12      | 12      | 7                    | 7               | 7                  | 7   | 7                      | 7                      |
| <i>Minimum Service Level and Above sub-total</i> |     | 31 283  | 31 283  | 34 287  | 153                  | 153             | 153                | 153   | 153                    | 153                    |
| Using public tap (< min.service level)           | 3   | 3 207   | 3 207   | 3 207   | 3 207                | 3 207           | 3 207              | 3 207   | 3 207                  | 3 207                  |
| Other water supply (< min.service level)         | 4   | 1 919   | 1 919   | 1 919   | 1 919                | 1 919           | 1 919              | 1 919   | 1 919                  | 1 919                  |
| No water supply                                  |     | 40 232  | 40 232  | 40 232  | 40 232               | 40 232          | 40 232             | 40 232  | 40 232                 | 40 232                 |
| <i>Below Minimum Service Level sub-total</i>     |     | 45 358  | 45 358  | 45 358  | 45 358               | 45 358          | 45 358             | 45 358  | 45 358                 | 45 358                 |
| Total number of households                       | 5   | 76 641  | 76 641  | 79 645  | 45 511               | 45 511          | 45 511             | 45 511  | 45 511                 | 45 511                 |
| <u>Sanitation/sewerage:</u>                      |     |         |         |         |                      |                 |                    |   |                        |                        |
| Flush toilet (connected to sewerage)             |     | 68 157  | 68 157  | 68 157  | 68 157               | 68 157          | 68 157             | 68 157  | 68 157                 | 68 157                 |
| Flush toilet (with septic tank)                  |     | 4 506   | 4 506   | 4 506   | 4 506                | 4 506           | 4 506              | 4 506   | 4 506                  | 4 506                  |
| Chemical toilet                                  |     | 11 208  | 11 208  | 11 208  | 11 208               | 11 208          | 11 208             | 11 208  | 11 208                 | 11 208                 |
| Pit toilet (ventilated)                          |     | 22 379  | 22 379  | 22 379  | 22 379               | 22 379          | 22 379             | 22 379  | 22 379                 | 22 379                 |
| Other toilet provisions (> min.service level)    |     | –       | –       | –       | –                    | –               | –                  | –   | –                      | –                      |
| <i>Minimum Service Level and Above sub-total</i> |     | 106 250 | 106 250 | 106 250 | 106 250              | 106 250         | 106 250            | 106 250   | 106 250                | 106 250                |
| Bucket toilet                                    |     | 919     | 919     | 919     | 919                  | 919             | 919                | 919   | 919                    | 919                    |
| Other toilet provisions (< min.service level)    |     | 53 876  | 53 876  | 53 876  | 53 876               | 53 876          | 53 876             | 53 876  | 53 876                 | 53 876                 |
| No toilet provisions                             |     | 28 842  | 28 842  | 28 842  | 28 842               | 28 842          | 28 842             | 28 842  | 28 842                 | 28 842                 |
| <i>Below Minimum Service Level sub-total</i>     |     | 83 637  | 83 637  | 83 637  | 83 637               | 83 637          | 83 637             | 83 637  | 83 637                 | 83 637                 |
| Total number of households                       | 5   | 189 887 | 189 887 | 189 887 | 189 887              | 189 887         | 189 887            | 189 887   | 189 887                | 189 887                |
| <u>Energy:</u>                                   |     |         |         |         |                      |                 |                    |   |                        |                        |
| Electricity (at least min.service level)         |     | 19 781  | 19 781  | 19 781  | 19 781               | 19 781          | 19 781             | 19 781  | 19 781                 | 19 781                 |
| Electricity - prepaid (min.service level)        |     | –       | –       | –       | –                    | –               | –                  | –   | –                      | –                      |
| <i>Minimum Service Level and Above sub-total</i> |     | 19 781  | 19 781  | 19 781  | 19 781               | 19 781          | 19 781             | 19 781  | 19 781                 | 19 781                 |
| Electricity (< min.service level)                |     | –       | –       | –       | –                    | –               | –                  | –   | –                      | –                      |
| Electricity - prepaid (< min. service level)     |     | –       | –       | –       | –                    | –               | –                  | –   | –                      | –                      |
| Other energy sources                             |     | 3 243   | 3 243   | 3 243   | 3 243                | 3 243           | 3 243              | 3 243   | 3 243                  | 3 243                  |
| <i>Below Minimum Service Level sub-total</i>     |     | 3 243   | 3 243   | 3 243   | 3 243                | 3 243           | 3 243              | 3 243   | 3 243                  | 3 243                  |
| Total number of households                       | 5   | 23 024  | 23 024  | 23 024  | 23 024               | 23 024          | 23 024             | 23 024  | 23 024                 | 23 024                 |

|   |   |         |         |         |         |         |         |         |         |         |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>Refuse:</u>  |   |         |         |         |         |         |         |         |         |         |
| Removed at least once a week  |   | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  |
| <i>Minimum Service Level and Above sub-total</i>  |   | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  |
| Removed less frequently than once a week  |   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   |
| Using communal refuse dump  |   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   |
| Using own refuse dump   |   | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 |
| Other rubbish disposal  |   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   |
| No rubbish disposal   |   | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  |
| <i>Below Minimum Service Level sub-total</i>  |   | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 |
| Total number of households  | 5 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 |
| <u>Households receiving Free Basic Service</u>  | 7 |         |         |         |         |         |         |         |         |         |
| Water (6 kilolitres per household per month)  |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Sanitation (free minimum level service)   |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Electricity/other energy (50kwh per household per month)  |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Refuse (removed at least once a week)   |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| <u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>                                    | 8 |         |         |         |         |         |         |         |         |         |
| Water (6 kilolitres per indigent household per month)   |   | 2 091   | 2 580   | 2 800   | 3 198   | 1 940   | 1 913   | 2 060   | 2 182   | 2 311   |
| Sanitation (free sanitation service to indigent households)   |   | 3 632   | 4 700   | 4 500   | 5 970   | 5 420   | 5 524   | 5 756   | 6 096   | 6 455   |
| Electricity/other energy (50kwh per indigent household per month)   |   | 2 698   | 2 000   | 2 000   | 1 599   | 3 200   | 2 902   | 3 398   | 3 599   | 3 811   |
| Refuse (removed once a week for indigent households)  |   | 2 702   | 3 500   | 3 500   | 4 690   | 4 670   | 4 665   | 4 960   | 5 252   | 5 562   |
| <u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>                           |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Total cost of FBS provided  |   | 11 124  | 12 780  | 12 800  | 15 457  | 15 230  | 15 003  | 16 174  | 17 129  | 18 139  |
| <u>Highest level of free service provided per household</u>   |   |         |         |         |         |         |         |         |         |         |
| Property rates (R value threshold)  |   | 15 000  | 15 000  | 15 000  | 15 000  | 15 000  | 15 000  | 15 000  | 15 000  | 15 000  |
| Water (kilolitres per household per month)  |   | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       |
| Sanitation (kilolitres per household per month)   |   |         |         |         |         |         |         |         |         |         |
| Sanitation (Rand per household per month)   |   |         |         |         |         |         |         |         |         |         |
| Electricity (kwh per household per month)   |   | 50      | 50      | 50      | 50      | 50      | 50      | 50      | 50      | 50      |
| Refuse (average litres per week)  |   |         |         |         |         |         |         |         |         |         |
| <u>Revenue cost of subsidised services provided (R'000)</u>   | 9 |         |         |         |         |         |         |         |         |         |
| Property rates (tariff adjustment) ( impermissable values per section 17 of MPRA)                           |   |         |         |         |         |         |         |         |         |         |
| Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA) |   |         |         |         |         |         |         |         |         |         |
| Water (in excess of 6 kilolitres per indigent household per month)  |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Sanitation (in excess of free sanitation service to indigent households)                                    |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Electricity/other energy (in excess of 50 kwh per indigent household per month)                             |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Refuse (in excess of one removal a week for indigent households)  |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Municipal Housing - rental rebates  |   |         |         |         |         |         |         |         |         |         |

|  |   |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|---|
| Housing - top structure subsidies                  | 6 |   |   |   |   |   |   |   |   |   |
| Other  |   |   |   |   |   |   |   |   |   |   |
| Total revenue cost of subsidised services provided |   | - | - | - | - | - | - | - | - | - |

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. *Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.*
2. *The Municipality continues to make good progress with the eradication of backlogs:*
  - a. *Water services – backlog will remain the same in 2017/18 as in 2016/17. These households are largely found in ‘rural areas’ and will need to be moved to formal areas so that they can receive services.*
  - b. *Sanitation services – backlog will remain the same over the MTREF*
  - c. *Electricity services – backlogs will be reduced in ESKOM supplied areas*
  - d. *Refuse services – backlog will be reduced in 2017/18, and in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.*
3. *The budget provides for all households applying as indigent in 2017/18 to be registered and on approval from EXCO be entitled to receive Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.*
4. *It is anticipated that these Free Basic Services will cost the municipality R 18, 1 million in 2017/18, increasing to R 20, 3 million in 2019/20. This is covered by the municipality’s equitable share allocation from national government.*
5. *In addition to the Free Basic Services, the Municipality also ‘gives’ households R 18, 1 million in free services in 2017/18. This “tax expenditure” needs to be seen within the context of the municipality’s overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the “free services” represent about 3, 15% of total operating revenue.*

**Part 2 – Supporting Documentation****Overview of the Annual Budget Process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

The Budget Steering Committee consists of EXCO and MANCOM of the municipality meeting under the chairpersonship of the Finance Portfolio.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

The above process was followed during the preparation of the budget.

**Budget Process Overview**

In terms of Section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2016. Key dates applicable to the process were:

- **August 2016:**
- Table IDP Process Plan to EXCO and Council for approval
- Submit Annual Performance Report to Treasury



**January 2017**

- **Strategic Planning Session**
- **27 March 2017 Draft Budget**
- Submit Draft budget, tariffs, SDBIP's to EXCO for recommendation to Council Submit Draft IDP to EXCO for recommendation to Council
- **1 April – 24 April 2017** – Public consultation;
- **25 April – 5 May 2017** – Balancing of budget
- **28 April 2017** - Closing date for written comments;
- **25 May 2017** - Tabling of the 2017/18 MTREF before Council for consideration and approval.

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**IDP and Service Delivery and Budget Implementation Plan**

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*The Abaqulusi Municipality implemented a new five-year IDP for the period July 2017 to June 2022 to inform and guide the current elected public representatives in their term of office. This document outlines the Municipality's intent in terms of the agreed six strategic focus areas that are required to overcome Abaqulusi challenges, achieve its vision, and give effect to its other strategic considerations*

*It started in October 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August.*

*The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.*

**Registration of community needs;**

- *Compilation of departmental business plans including key performance indicators and targets;*
- *Financial planning and budgeting process;*
- *Public participation process;*
- *Compilation of the SDBIP, and*
- *The review of the performance management and monitoring processes.*

*The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.*

*With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.*

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**Financial Modelling and Key Planning Drivers**

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*Full compliance was done by the municipality during the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:*

- *Municipality growth*
- *Policy priorities and strategic objectives*
- *Asset maintenance*
- *Economic climate and trends (i.e. inflation, ESKOM increases, household debt, migration patterns)*
- *Performance trends*
- *The approved 2016/17 adjustments budget and performance against the SDBIP*
- *Cash Flow Management Strategy*
- *Debtor payment levels*
- *Loan and investment possibilities*
- *The need for tariff increases versus the ability of the community to pay for services;*
- *Improved and sustainable service delivery*

*In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 75, 78, 79, 85 and 86 has been taken into consideration in the planning and prioritisation process.*

## Community Consultation

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The draft 2017/18 MTREF will be tabled before Council on 31 March 2017 for community consultation and will be published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries. The final will be tabled before Council on the 25<sup>th</sup> of May 2017.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with Section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process and include public briefing sessions. The applicable date and venue will be published in all the local newspapers and an average attendance of 3,000 members of the community will be catered for. Other stakeholders involved in the consultation include churches, non-governmental institutions, community-based organisations and taxi associations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2017/18 MTREF. Feedback and responses to the submissions received will be available on request. The following are some of the issues and concerns raised as well as comments received during last year's consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large Sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

The changes affecting the final 2017/18 MTREF will be compared to the draft 2017/18 MTREF that will be tabled for community consultation will be included.

## **Overview of alignment of annual budget with IDP**

*The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.*

*Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.*

*Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.*

*It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.*

*The aim of this cycle is to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.*

*The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:*

Table 28 IDP Strategic Objectives

| <b>Key Performance Area: Basic Service Delivery and Infrastructure Development</b>  |   |  |
|---|---|--|
| <b>Goal: To reduce levels of infrastructure backlogs by providing Basic Services, Facilities and maintaining existing infrastructure.</b> |   |  |
| <b>Key Focus Area</b>   | <b>Development Objectives</b>   | <b>Development Strategies</b>  |
| 1. Roads  | Expand accessibility in various wards by 2022.                          | <ul style="list-style-type: none"> <li>Constructing New Gravel Roads</li> <li>Construct new paved roads</li> <li>Construct cause ways</li> </ul>   |
|   | Maintain existing Roads in rural & urban areas by 2022.                 | <ul style="list-style-type: none"> <li>Upgrading of gravel roads to tar</li> <li>Re-gravelling</li> <li>Rehabilitation of existing tar roads</li> <li>Blading of roads</li> </ul>  |
| 2. Storm Water  | Maintain and replace existing Storm Water Infrastructure by 2022.       | <ul style="list-style-type: none"> <li>Installation of new storm water drains</li> <li>Cleaning of storm water drains</li> </ul>   |
| 3. Sanitation   | Expand Sanitation Services in various wards by 2022.                    | <ul style="list-style-type: none"> <li>Installation of new sewer lines</li> </ul>  |
|   | Maintain and replace existing Sanitation Infrastructure by 2022.        | <ul style="list-style-type: none"> <li>Unblocking of sewer pipes</li> <li>Replace old sanitation pipes</li> </ul>  |
| 4. Water  | Expand water availability in various wards by 2022.                     | <ul style="list-style-type: none"> <li>Installation of new water connections</li> <li>Installation of water meters</li> </ul>  |
|   | Maintain and replace existing Water Infrastructure by 2022.             | <ul style="list-style-type: none"> <li>Replace old water Pipes</li> <li>Repairs to water lines</li> <li>Replacing water valves</li> <li>Repairs to existing water pumps</li> <li>Maintain purification treatment plants</li> </ul>   |
| 5. Electricity  | Expand electrical availability in various wards by 2022.                | <ul style="list-style-type: none"> <li>Installation of New electrical connections</li> <li>Installation of electrical meters</li> </ul>  |
|   | Maintain existing network electricity in urban and rural areas by 2022. | <ul style="list-style-type: none"> <li>Installation of Electrical Meters</li> <li>Installation of High Mast Lights</li> <li>Repairs to public lighting</li> <li>Repairs to high Mast Lighting</li> <li>Electricity Mains- Replace bare overhead conductors</li> <li>General Infrastructure-maintenance on mini substations</li> <li>Upgrade existing transformers</li> <li>General Infrastructure-maintenance on major substations</li> <li>Replace HT Overhead lines</li> </ul> |

|                         |   |  |
|-------------------------|---|--|
|                         |   | <ul style="list-style-type: none"> <li>Repairs to Robots</li> </ul>  |
| 6. Sport fields & Parks | Expand availability of Sports fields and Parks in various wards by 2022.    | <ul style="list-style-type: none"> <li>Construction of new Sports fields and Parks in various wards</li> </ul>   |
|                         | Maintain Existing Sports fields and Parks by 2022.                          | <ul style="list-style-type: none"> <li>Upgrade and revamp existing Sports fields and Parks</li> </ul>  |
| 7. Community Halls      | Expand availability of Community Halls in various wards by 2022.            | <ul style="list-style-type: none"> <li>Construction of New Community Halls</li> </ul>  |
|                         | Maintain existing Community Halls by 2022.                                  | <ul style="list-style-type: none"> <li>Upgrade and revamp existing Community Halls</li> </ul>  |
| 8. Crèches              | Enhance Early Childhood Development by 2022                                 | <ul style="list-style-type: none"> <li>Building of new crèches</li> </ul>  |
| 9. Refuse Removal       | Expand Refuse Services in various wards by 2022.                            | <ul style="list-style-type: none"> <li>Increase accessibility of refuse to new households</li> </ul>   |
| 10. Human Settlements   | To provide sustainable human settlements to the people of AbaQulusi by 2022 | <ul style="list-style-type: none"> <li>Identify and Secure land prior to project approval</li> <li>Ensure appointment of experienced and qualified implementing agents</li> <li>Land disposal policy for public use</li> <li>Strengthen Intergovernmental Relations</li> <li>Land identification and facilitation of bulk service provision</li> <li>Facilitate Land Release</li> <li>Approval and implementation of the Housing Sector Plan</li> <li>Set up housing consumer education programme</li> </ul> |

### **Key Performance Area: Municipal Transformation and Institutional Development**

**Goal: Empower and capacitate institutional structures and promotion of transparent cooperative governance.**

| <b>Key Focus Area</b>         | <b>Development Objective</b>   | <b>Development Strategies</b>   |
|-------------------------------|--|---|
| 1. Human Resources Management | To ensure that the municipality practice sound Human Resources management by 2022.   | <ul style="list-style-type: none"> <li>• Conduct Workshops on labour relations</li> <li>• Ensure functionality of Local Labour Forum</li> <li>• Formulate, review and adopt new and existing HR Policies.</li> <li>• Review and adopt Employment Equity plan</li> <li>• Develop and adopt recruitment Plan and strategy</li> <li>• Develop and adopt Retention strategy</li> <li>• Review and adopt organizational structure</li> <li>• Review Job descriptions</li> <li>• Fast track filling of critical vacant posts</li> </ul> |
| 2. Human Resource Development | To ensure that the new and existing staff are capacitated to fulfil their functions and promote career development and comply with safety measures by June 2022. | <ul style="list-style-type: none"> <li>• Develop/Review Workplace Skills Plan.</li> <li>• Develop/Review Induction Plan.</li> <li>• Sitting of OHS Committee and other HRD related committees.</li> <li>• Develop/Review of training policy</li> <li>• Develop/Review Wellness Programme.</li> <li>• To facilitate skills audit for municipal employees.</li> <li>• To facilitate skills audit for councillors through COGTA</li> </ul>   |
| 3. Council Support            | To ensure that Council and its committee fulfil their executive and legislative functions and play an effective oversight role over administration by 2022       | <ul style="list-style-type: none"> <li>• Develop and adopt Council Annual Programme</li> <li>• Monitoring and implementation of the Council Annual Programme</li> <li>• Monitoring the execution of Council resolutions</li> <li>• Provision of Administrative Support to Council and its Committees</li> </ul>   |
| 4. Records Management         | To ensure effective management of all internal and external records by 2022  | <ul style="list-style-type: none"> <li>• Implementation of Records Management Policy</li> </ul>   |

|                                  |  |  |
|----------------------------------|--|--|
| 5. <i>Fleet Management</i>       | <i>To ensure effective management of fleet by 2022</i>   | <ul style="list-style-type: none"> <li>• <i>Implementation of Fleet Management Policy</i></li> </ul>   |
| 6. <i>Information Technology</i> | <i>To provide a secure ICT infrastructure which delivers appropriate levels of Confidentiality, integrity, availability, stability and growth by 2022.</i> | <ul style="list-style-type: none"> <li>• <i>Development and monitoring of ICT infrastructure and relevant security mechanisms with provision of reports.</i></li> <li>• <i>Workshop of ICT Policies and Procedures to staff.</i></li> <li>• <i>Development of IntraNet to provide basic information on Email and Internet security standards for users.</i></li> <li>• <i>Ensure ICT secure procedures are followed.</i></li> <li>• <i>Ensure security mechanisms are in place to ensure confidentiality and integrity of data.</i></li> <li>• <i>Upgrade, and maintain relevant equipment and infrastructure to ensure stability of ICT infrastructure</i></li> <li>• <i>Purchasing of new desktop computers, and servers to ensure renewal and growth.</i></li> <li>• <i>Upgrading to new technologies.</i></li> <li>• <i>Updating/Upgrading to new software as part of the new technology drive forward.</i></li> <li>• <i>Renewal and expansion of DR and Data Backup Systems [eg; IaaS/PaaS Cloud Systems]</i></li> <li>• <i>Develop compliance/IntraNet calendar for staff on the IntraNet as reference model to assist in providing staff with deadline dates for ALL reports.</i></li> </ul> |



|                                |  |   |
|--------------------------------|--|---|
| <b>4. Records Management</b>   | <i>To have a fully functional and effective record system by June 2017 which is fully compliant with National Archives and Records Services Act of 1996.</i> | <i>Implementation of the records management policy.</i>   |
| <b>5. Public Participation</b> | <i>Improve public participation satisfaction by June 2017.</i>   | <i>To ensure that communities participate in the overall planning (IDP) legislative (By laws and oversight) PMS by June 2017.</i> |
| <b>6. Fleet Management</b>     | <i>Measure controls and fleet management system</i>  | <i>Implementation of the Fleet policy.</i>  |
| <b>7. ITC</b>                  | <i>To have a website that is easily accessible and informative by June 2017</i>  | <i>Monitor Website on a daily basis</i>   |

## Key Performance Area: Financial Viability & Management

### Goal: Ensure sound financial management and accountability

| Key Focus Area         | Development Objective  | Development Strategies   |
|------------------------|--|--|
| 1. Revenue             | Ensure the Municipal Revenue Streams are optimised are by 2022                       | <ul style="list-style-type: none"> <li>Daily control check and balances of cashiers and banking of cash</li> <li>Daily updating of valuation roll and financial system to secure correct billing of rates</li> <li>Monitor Billing vs Payment system</li> <li>Update Indigent Register</li> <li>Weekly visits to satellite offices to verify and secure financial procedures and income</li> </ul> |
| 2. Expenditure         | To ensure effective expenditure control by 2022                                      | <ul style="list-style-type: none"> <li>Ensure payment of service providers within 30 days</li> <li>Ensure reconciliations are performed regularly</li> <li>Verification of all orders and invoices correctness before payment is done using check list and financial system and procedures</li> </ul>  |
| 3. SCM                 | To strengthen the Supply Chain Unit and Processes by 2022                            | <ul style="list-style-type: none"> <li>Develop Municipal Procurement Plan</li> <li>Update suppliers database</li> <li>Review SCM Policy</li> <li>Provide training and skills development to officials involved in procurement processes</li> </ul>   |
| 4. Assets              | To Maintain Fixed Assets of the Municipality in terms of GRAP                        | <ul style="list-style-type: none"> <li>Maintain fixed assets register on a monthly basis</li> <li>Updating of all purchases and spot check visits to offices</li> <li>Maintaining the Fixed Assets Register in terms of the Fixed Assets Policy and GRAP 17 monthly</li> </ul>   |
| 5. Financial Reporting | Ensure that financial reporting conforms to all legal and institutional requirements | <ul style="list-style-type: none"> <li>Develop Draft Budget annually</li> <li>Develop and Adopt Final Budget annually</li> <li>Develop and adopt Final Budget Process Plan annually</li> <li>Submission of Monthly Section 71, Quarterly Section 52 &amp; Half Year Section 72 Report</li> </ul>   |

## Key Performance Area: Good Governance and Community Participation

**Goal: To be a Responsible, accountable, effective and efficient developmental Municipality**

| Key Focus Area                             | Development Objective  | Development Strategies  |
|--|--|---|
| 1. Communication and customer satisfaction | To revive and strengthen Communications by 2022  | <ul style="list-style-type: none"> <li>Develop/adopt communication strategy</li> <li>Review the Communication Strategy</li> </ul>   |
|  | To engage and improve customer satisfaction by 2022  | <ul style="list-style-type: none"> <li>Develop a customer care centre</li> <li>Appoint a customer care committee</li> <li>Conduct customer satisfaction surveys on regular basis</li> <li>Establish "suggestion boxes" at all municipal offices</li> <li>Utilisation of the municipal "hotline" system</li> <li>Establish additional municipal satellite offices</li> </ul>   |
| 2. Internal Audit                          | To provide an assurance on the effectiveness of governance, risk management and internal control by 2022 | <ul style="list-style-type: none"> <li>Develop and implement the annual internal audit coverage plan</li> <li>Develop and implement quality assurance programmes to assess the effectiveness of internal audit unit</li> <li>Discuss and submit internal audit reports to Management, Audit Committee and MPAC</li> <li>Appoint audit steering committee</li> <li>Develop and implement the audit committee annual plan</li> <li>Develop and implement the audit committee assessment tool</li> </ul> |
| 3. Risk Management                         | To improve the effectiveness of risk management within the organisation by 2022                          | <ul style="list-style-type: none"> <li>Conduct the risk assessment and develop the risk register</li> <li>Appoint risk management committee and assess the functionality thereof</li> <li>Incorporate risk action plans into departmental SDBIP</li> <li>Monitor the implementation of risks mitigation plans by Department</li> <li>Identify and assess new emerging risks throughout the period</li> </ul>  |
| 4. Integrated Development Planning         | To ensure effective decision-making, budgeting and management of resources                               | <ul style="list-style-type: none"> <li>Develop and implement the IDP/Budget process plan</li> <li>Engage in Community Consultation Process (IDP Rep Forums, Road-</li> </ul>  |

|                                  |   |   |
|----------------------------------|---|---|
|                                  |   | <i>shows, Izimbizos)</i> <ul style="list-style-type: none"> <li>• <i>Develop, review and adopt IDP annually</i></li> </ul>  |
| 5. <i>Performance Management</i> | <i>To promote a system of transparency and accountability within the municipality</i> | <ul style="list-style-type: none"> <li>• <i>Review and adopt the PMS Framework</i></li> <li>• <i>Establish Performance Evaluation Committee</i></li> <li>• <i>Cascading of PMS</i></li> <li>• <i>Develop APR</i></li> </ul> |
| 6. <i>Back to Basics</i>         | <i>To Create an all-inclusive participatory developmental municipality by 2022</i>    | <ul style="list-style-type: none"> <li>• <i>Regular reporting on the status of the municipality to National and Provincial CoGTA</i></li> </ul>   |

## Key Performance Area: Local Economic Development and Social Development

**Goal: To promote socio-economic growth and job opportunities.**

| Key Focus Area                 | Development Objective  | Development Strategies   |
|--------------------------------|--|--|
| 1. Agriculture                 | Unleashing agricultural potential in Abaqulusi by 2022                                   | <ul style="list-style-type: none"> <li>• Coordinate the establishment of agri- business forums, farmers associations</li> <li>• Give support to the agricultural production</li> <li>• Coordinate agricultural activities</li> <li>• Establish cooperatives in all areas</li> <li>• Develop Agri-processing Hub</li> <li>• Develop/Review Agriculture Sector Plan</li> </ul> |
| 2. SMME's and informal traders | Promote entrepreneurship by 2022   | <ul style="list-style-type: none"> <li>• Train <b>SMME's</b> according to their needs to meet the standard</li> <li>• Coordinate intergovernmental structure to create job opportunities</li> </ul>  |
| 3. Poverty alleviation         | Reduce poverty in all wards by 2022  | <ul style="list-style-type: none"> <li>• Train the vulnerable community on income generating project</li> <li>• Deliver poverty alleviation project in all wards</li> </ul>  |
| 4. Tourism                     | Promote tourism opportunities by 2022  | <ul style="list-style-type: none"> <li>• Co-ordinate tourism events in the municipality</li> <li>• Organise workshops and Road shows</li> <li>• Establish tourism industry and project focusing on tourism</li> <li>• Develop Tourism Sector Plan</li> </ul>   |
| 5. Economic growth             | Promote economic development by 2022   | <ul style="list-style-type: none"> <li>• Develop and implement investment strategy such as PPP</li> <li>• Develop and implement marketing strategy</li> <li>• Develop commercial centres In the Municipality</li> <li>• Review, adopt and implement the LED strategy</li> <li>• Develop a Mining strategy</li> </ul>   |
| 6. Real estate                 | Proper Acquisition and disposal of real estate according to municipality by-laws by 2022 | <ul style="list-style-type: none"> <li>• Develop land release strategy</li> <li>• Develop real estate by-laws</li> </ul>   |
| 7. Sport and Recreation        | Promote Sports and Recreation in Abaqulusi by 2022                                       | <ul style="list-style-type: none"> <li>• Establish Sport and recreation Committee (Sport Council)</li> <li>• Conduct sport talent promotion and competitions</li> <li>• Provide DSR with a platform to support federations and players in different sport codes</li> </ul>   |

|                         |   |   |
|-------------------------|---|---|
| 8. Youth programmes     | Establish and promote youth development programmes by 2022  | <ul style="list-style-type: none"> <li>• Establish Youth Committee (Youth Council)</li> <li>• Conduct youth empowerment sessions</li> <li>• Provide government departments and private sector with a platform to support the youth in their different developmental needs.</li> </ul>                 |
| 9. Arts and culture     | Establish and promote cultural programmes by 2022   | <ul style="list-style-type: none"> <li>• Establish Art &amp; Culture Committee (art &amp; Culture Council)</li> <li>• Conduct artist' talent promotion and competitions</li> <li>• Provide department of arts and culture with a platform to support artists in their different art codes.</li> </ul> |
| 10. Social welfare      | Ensure availability of social services programmes to the community of AbaQulusi by 2022                           | <ul style="list-style-type: none"> <li>• Establish Social services stakeholder Committee</li> <li>• Support DSD in out rolling social development programmes.</li> </ul>  |
| 11. Health<br>HIV/AIDS  | Establish and promote healthy living and HIV/AIDS awareness programmes BY 2022                                    | <ul style="list-style-type: none"> <li>• Establish health and HIV/AIDS Committee ( AIDS Council)</li> <li>• Conduct awareness programmes</li> <li>• Provide department of health with a platform to support the community in their different health needs.</li> </ul>                                 |
| 12. Special Programmes  | Establish and promote community empowerment programmes for children, aged, disabled and vulnerable groups by 2022 | <ul style="list-style-type: none"> <li>• Establish Special programmes Committee (Children , Gender , elderly and Disability Councils)</li> <li>• Conduct empowerment sessions and awareness campaigns</li> <li>• Support NGO'S by sourcing assistance from potential sponsors and funders</li> </ul>  |
| 13. Safety and Security | Enhancing safety and security by 2022   | <ul style="list-style-type: none"> <li>• Participate in the CPF and Neighbourhood watch meetings</li> <li>• Conduct crime-awareness programmes in communities</li> </ul>  |

## **Key Performance Area: Cross Cutting (Spatial, Environment and Disaster Management)**

**Goal: To redress the spatial imbalances and promote sustainable environmental planning.**

| <b>Key Focus Area</b>         | <b>Development Objective</b>  | <b>Development Strategies</b>   |
|-------------------------------|---|---|
| 1. Town Planning              | To ensure effective management of current and desirable land uses by 2022 | <ul style="list-style-type: none"> <li>• Review and implementation of the Spatial Development Framework</li> <li>• Approval and implementation of Precinct Plans</li> <li>• Preparation of the Abaqulusi wall-to-wall scheme and Land Audit in compliance with the Spatial Planning and land Use Management Act 2013</li> <li>• Facilitation of Township Establishment</li> <li>• Identification of developmental land</li> <li>• Conduct Information Workshops</li> <li>• Set up enforcement procedures</li> </ul> |
| 2. GIS                        | To have an effective and efficient GIS System by 2022                     | <ul style="list-style-type: none"> <li>• Ensure GIS system is updated regularly</li> <li>• Renewal of GIS Licence annually</li> <li>• Integrate GIS System with other municipal departments</li> </ul>  |
| 3. Building Inspectorate      | To ensure the sustainability of the built environment by 2022             | <ul style="list-style-type: none"> <li>• Timeous Assessment of building plans</li> <li>• Workshop Built environment professionals</li> <li>• Training to current staff and appointment of additional Law Enforcement Officer</li> </ul>   |
| 4. Fire & Disaster Management | Ensure Effective & Efficient response to community emergencies by 2022    | <ul style="list-style-type: none"> <li>• Strengthen stakeholder relations</li> <li>• Decentralisation of services</li> <li>• Establishment of Disaster Management Unit</li> <li>• Acquiring relevant and sufficient Disaster Equipment regularly</li> </ul>   |
| 5. Environmental health       | Establish and promote environmental health awareness programmes by 2022   | <ul style="list-style-type: none"> <li>• Establish Environmental issues committee (Enviro Council)</li> <li>• Conduct awareness programmes</li> <li>• Provide department of environmental affairs with a platform to support the municipality and the community in their different art environmental needs</li> </ul>   |

**ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT STRATEGIC DOCUMENTS**

*This KPA is aligned with the following national, provincial and district strategies to ensure that the municipality works in a way that is sustainable and provide a safe environment for its citizens.*

***This section need to be read together with section 4 of this report***

**National Development Plan identified the following primary challenges pertaining to this KPA:**

- Spatial divides hobble inclusive development;
- Corruption levels are high

**Cabinet Outcomes:**

3. *All people in South Africa are and feel safe*
7. *Vibrant, equitable and sustainable rural communities with food security for all*
8. *Sustainable human settlements and improved quality of household's life enhanced*
10. *Environmental assets and natural resources that are well protected and continually*

**KZN Provincial Growth and Development Plan/Strategy**

3. *Human and Community Development*
4. *Strategic Infrastructure*
5. *Response to Climate Change*
7. *Spatial Equity*

**Back to Basics Program:**

1. *Creating decent living conditions*

**Zululand District Growth and Development Plan**

5. *Environmental Sustainability*
7. *Spatial Equity*

**Batho Pele Principles:**

- 1: *Consultation*
- 2: *Service Standards*
- 3: *Access*
- 4: *Courtesy*
- 5: *Information*
- 8: *Value for money*
- 6: *Openness and transparency*

**AbaQulusi municipality**

*The goal, focus areas, development strategies and eventual projects of the municipality are all directly aligned with the broader governmental strategic documents to ensure the municipality strive to safeguard a sustainable, safe and well preserved environment for its current citizens and future generations.*

*The municipality's integrated approach to provide an enabling and conducive environment where people enjoy better living conditions and a safe life are reflected in the action plans that is part of this document.*



Table 29 KZN263 Table SA4 - Reconciliation between the IDP Strategic Objectives and Budgeted Revenue

| Strategic Objective                                  | Goal                        | Goal Code | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------------------|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |                             |           |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand   |                             |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Service Delivery & Infrastructure Development  | Energy Sources              |           |     | 141 091         | 145 521         | 162 862         | 177 587              | 170 301         | 161 915            | 191 530   | 207 983                | 225 973                |
|  | Waste Management            |           |     | 17 486          | 15 946          | 17 441          | 19 496               | 19 100          | 18 904             | 20 284  | 22 313                 | 24 544                 |
|  | Waste Water Management      |           |     | 19 208          | 25 914          | 22 891          | 26 428               | 25 000          | 22 042             | 26 550  | 29 205                 | 32 126                 |
|  | Water Management            |           |     | 39 988          | 28 251          | 34 902          | 41 519               | 17 880          | 13 786             | 18 972  | 20 869                 | 22 956                 |
|  | Road Transport              |           |     | 59 646          | 41 106          | 40 122          | 35 324               | 25 284          | 28 941             | 37 994  | 40 023                 | 42 165                 |
|  | Asset Management            |           |     | 3 653           | 11 866          | 4 425           | 1 398                | 1 398           | 1 398              | 1 505   | -                      | -                      |
|  | Cemeteries                  |           |     | 187             | 177             | 191             | 223                  | 140             | 121                | 130   | 138                    | 146                    |
| Municipal Transformation & Institutional Development | Administration & Corp       |           |     | 2 653           | 3 549           | 938             | 167                  | 5               | 3                  | 5   | 5                      | 6                      |
|  | Human Resources             |           |     | 184             | 248             | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Fleet Management            |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Information Technology      |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Community & Social Services |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Financial Viability & Management                     | Finance                     |           |     | 154 262         | 206 917         | 215 511         | 182 699              | 229 657         | 179 654            | 212 464   | 229 950                | 243 609                |
|  | Supply Chain Management     |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Valuation Service           |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Good Governance & Community Participation            | Mayor & Council             |           |     | 6 909           | 1 049           | 1 025           | 16                   | 39              | 58                 | -   | -                      | -                      |
|  | Municipal Manager           |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Internal Audit              |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| LED & Social Development                             | Licensing & Regulation      |           |     | 1 997           | 1 855           | 1 972           | 2 132                | 1 950           | 1 865              | 2 000   | 2 118                  | 2 243                  |
|  | Markets                     |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Tourism                     |           |     | 50              | -               | 50              | 100                  | -               | -                  | 100   | 100                    | 100                    |

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Table 30 KZN263 Table SA5 - Reconciliation between the IDP Strategic Objectives and Budgeted Operating Expenditure

| Strategic Objective                                  | Goal                        | Goal Code | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------------------|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |                             |           |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand   |                             |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Service Delivery & Infrastructure Development  | Energy Sources              |           |     | 175 225         | 195 409         | 200 106         | 233 427              | 204 529         | 180 447            | 231 967   | 255 752                | 277 605                |
|  | Waste Management            |           |     | 17 867          | 21 059          | 20 756          | 33 737               | 28 985          | 25 218             | 30 783  | 32 647                 | 34 624                 |
|  | Waste Water Management      |           |     | 27 653          | 40 454          | 22 152          | 44 134               | 40 349          | 33 027             | 43 721  | 46 697                 | 49 880                 |
|  | Water Management            |           |     | 64 672          | 47 514          | 3 685           | 52 395               | 35 653          | 32 620             | 37 453  | 39 818                 | 42 334                 |
|  | Road Transport              |           |     | 80 054          | 26 460          | 29 282          | 66 165               | 64 281          | 51 728             | 59 171  | 62 773                 | 66 596                 |
|  | Asset Management            |           |     | 3 727           | 6 290           | 5 559           | 6 244                | 5 837           | 3 340              | 5 121   | 3 851                  | 4 100                  |
|  | Cemeteries                  |           |     | 1 461           | 1 363           | 1 546           | 3 042                | 2 573           | 1 332              | 2 581   | 2 688                  | 2 862                  |
|  |                             |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Municipal Transformation & Institutional Development | Administration & Corp       |           |     | 36 426          | 8 662           | 15 325          | 17 557               | 17 567          | 15 693             | 16 540  | 17 551                 | 18 624                 |
|  | Human Resources             |           |     | 2 952           | 3 837           | 4 911           | 5 723                | 4 598           | 4 368              | 5 085   | 5 429                  | 5 795                  |
|  | Fleet Management            |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Information Technology      |           |     | 3 036           | 3 458           | 4 307           | 5 300                | 5 093           | 4 553              | 5 356   | 5 696                  | 6 057                  |
|  | Community & Social Services |           |     | -               | -               | -               | 4 444                | 4 295           | 4 300              | 4 691   | 4 999                  | 5 327                  |
|  |                             |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Financial Viability & Management                     | Finance                     |           |     | 44 235          | 35 887          | 28 634          | 35 447               | 30 179          | 27 608             | 30 444  | 33 099                 | 35 709                 |
|  | Supply Chain Management     |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Valuation Service           |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  |                             |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Good Governance & Community Participation            | Mayor & Council             |           |     | 35 207          | 104 226         | 78 001          | 60 722               | 55 722          | 50 235             | 58 441  | 62 066                 | 65 917                 |
|  | Municipal Manager           |           |     | 4 145           | 75 026          | 75 380          | 7 569                | 5 364           | 5 052              | 6 757   | 7 530                  | 8 024                  |
|  | Internal Audit              |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  |                             |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|  |                             |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| LED & Social Development                             | Licensing & Regulation      |           |     | 1 096           | 1 266           | 1 129           | 1 264                | 1 291           | 1 280              | 1 414   | 1 512                  | 1 616                  |
|  | Markets                     |           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
|  | Tourism                     |           |     | 361             | 371             | 409             | 624                  | 454             | 409                | 582   | 615                    | 650                    |
|  | Corporate Wide Strategic    |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |

|                                 |  |  |   |         |          |         |         |         |         |         |         |         |
|---------------------------------|--|--|---|---------|----------|---------|---------|---------|---------|---------|---------|---------|
| Cross Cutting                   | Planning - LED                                       |  |   | -       | -        | -       | -       | -       | -       | -       | -       | -       |
|                                 | Public Safety  |  |   | 14 353  | 27 576   | 28 996  | 29 736  | 27 046  | 21 784  | 27 570  | 29 317  | 31 176  |
|                                 | Community Halls & Facilities                         |  |   | 13 679  | 25 308   | 21 990  | 17 266  | 15 801  | 15 096  | 16 711  | 17 718  | 18 785  |
|                                 | Libraries  |  |   | 2 397   | 2 456    | 2 691   | 3 384   | 3 039   | 2 842   | 3 876   | 4 133   | 4 408   |
|                                 | Museums  |  |   | 261     | 326      | 392     | 584     | 426     | 296     | 559     | 596     | 635     |
|                                 | Housing  |  |   | 1 059   | 1 893    | 1 980   | 2 481   | 2 436   | 2 004   | 2 562   | 2 735   | 2 919   |
|                                 | Corporate Wide Strategic -<br>Planning - IDP         |  |   | -       | -        | -       | -       | -       | -       | -       | -       | -       |
|                                 | Town Planning, Building<br>Regulations & Enforcement |  |   | 4 522   | (14 449) | 7 403   | 14 355  | 12 610  | 5 043   | 13 095  | 15 471  | 14 786  |
| Allocations to other priorities |  |  | 2 |         |          |         |         |         |         |         |         |         |
| Expenditure By Type             |  |  | 1 | 534 389 | 614 392  | 554 635 | 645 600 | 568 128 | 488 275 | 604 480 | 652 692 | 698 428 |

**Table 31 KZN263 Table SA6 - Reconciliation between the IDP Strategic Objectives and Budgeted Capital Expenditure**

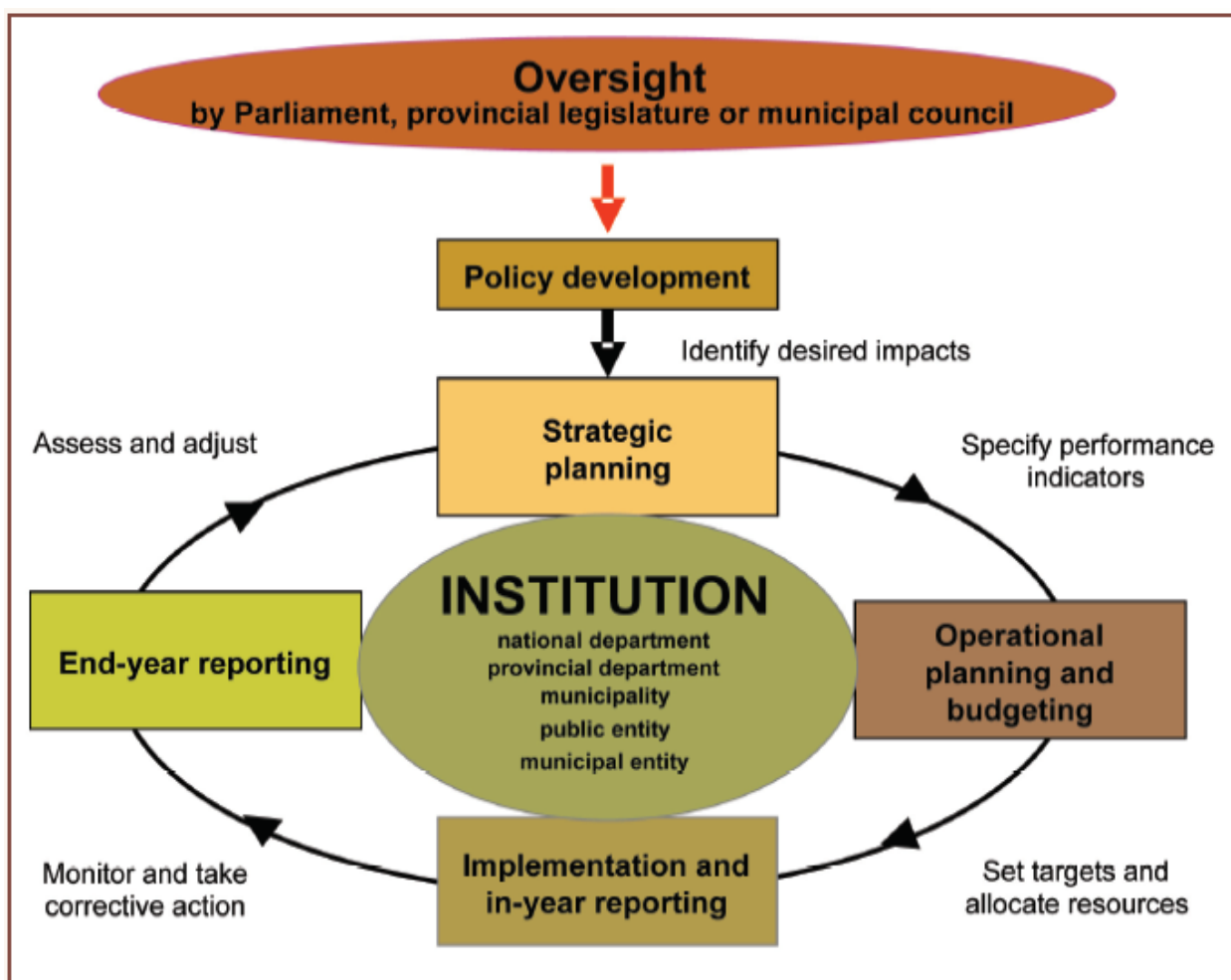
| Strategic Objective                                  | Goal                        | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |                             | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand   |                             |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Service Delivery & Infrastructure Development  | Energy Sources              | 10 919          | 13 524          | 23 365          | 29 000               | 23 500          | 20 034             | 20 000  | 20 295                 | 20 607                 |
|  | Waste Management            |                 | 26              |                 | 61                   | 35              | –                  | 35  | 37                     | 39                     |
|  | Waste Water Management      | 14              | 591             | 12              | 1 652                | 450             | –                  | 550   | 582                    | 617                    |
|  | Water Management            | 22              |                 | 192             | 1 823                | 505             | 16                 | 505   | 535                    | 566                    |
|  | Road Transport              | 130             | 40 911          | 41 419          | 35 408               | 25 288          | 25 086             | 37 940  | 39 980                 | 42 136                 |
|  | Asset Management            | 2               | 39              |                 | 11                   | 10              | –                  | 10  | 11                     | 11                     |
|  | Cemeteries                  | 50              |                 |                 | 1 166                | 1 166           | –                  | 1 100   | 1 106                  | 1 171                  |
|  | Housing                     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Municipal Transformation & Institutional Development | Administration & Corp       | 25              | 21              | 46              | 53                   | 5               | 2                  | 5   | 5                      | 6                      |
|  | Human Resources             | –               | 20              | 14              | 21                   | 15              | –                  | 15  | 16                     | 17                     |
|  | Fleet Management            | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
|  | Information Technology      | 85              | 234             | 128             | 746                  | 600             | 211                | 600   | 635                    | 673                    |
|  | Community & Social Services | 15              | 65              |                 | –                    | –               | –                  | –   | –                      | –                      |
| Financial Viability & Management                     | Finance                     | 63              | 38              | 122             | 426                  | 200             | –                  | 200   | 212                    | 224                    |
|  | Supply Chain Management     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
|  | Valuation Service           | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Good Governance & Community Participation            | Mayor & Council             | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
|  | Municipal Manager           | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
|  | Internal Audit              | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| LED & Social Development                             | Licensing & Regulation      | –               | –               | –               | –                    | 7               | 5                  | 7   | 7                      | 8                      |
|  | Markets                     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
|  | Tourism                     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
|  | Corporate Wide Strategic    | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |

|                                 |                              |        |        |        |        |        |        |        |        |        |
|---------------------------------|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Cross Cutting                   | Planning - LED               | -      | -      | -      | -      | -      | -      | -      | -      | -      |
|                                 | Public Safety                | -      | -      | 24     | 103    | 100    | -      | 100    | 106    | 112    |
|                                 | Community Halls & Facilities |        | 54     | 19     | 50     | 20     | -      | 20     | 21     | 22     |
|                                 | Libraries                    | -      | -      | 1      | 53     | 25     | 6      | 75     | 79     | 84     |
|                                 | Museums                      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
|                                 | Corporate Wide Strategic -   |        |        |        |        |        |        |        |        |        |
|                                 | Planning - IDP               | -      | -      | -      | -      | -      | -      | -      | -      | -      |
|                                 | Town Planning, Building      | 251    |        | 16     | 42     | 15     | 8      | 25     | 26     | 28     |
|                                 | Regulations & Enforcement    |        |        |        |        |        |        |        |        |        |
| Allocations to other priorities |                              |        |        |        |        |        |        |        |        |        |
| Total Capital Expenditure       |                              | 11 576 | 55 523 | 65 359 | 70 617 | 51 941 | 45 368 | 61 187 | 63 655 | 66 322 |

## Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



#### Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

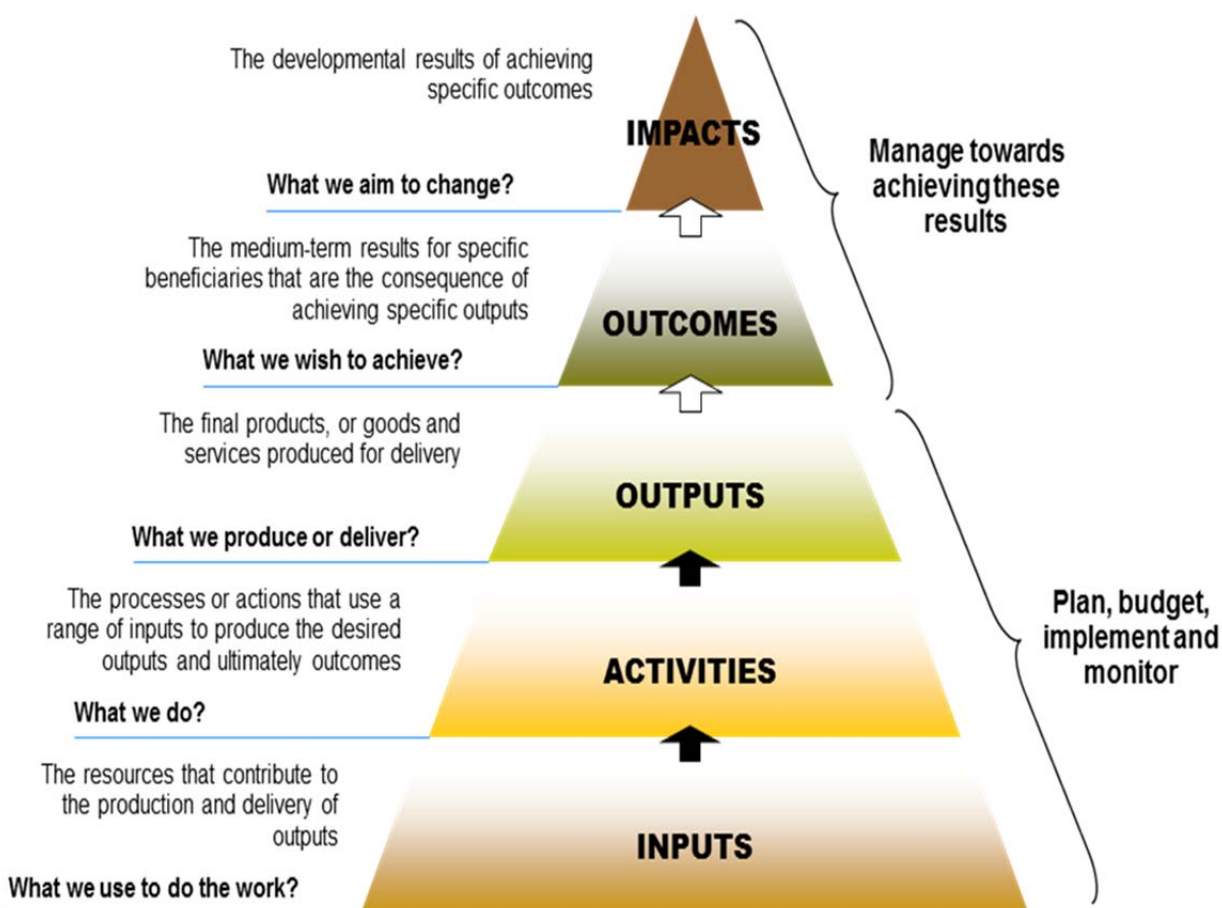


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

.



**Table 32 KZN263 Table SA7 - Measurable performance objectives**

| Description                         | Unit of measurement    | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|-------------------------------------|------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|                                     |                        | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>Vote 1 - vote name</b>           | SEE ATTACHED SCHEDULES |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 1 - (name)                 |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 2 - (name)                 |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Vote 2 - vote name</b>           |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 1 - (name)                 |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 2 - (name)                 |                        |                 |                 |                 |                      |                 |                    |   |                        |                        |

| Description                         | Unit of measurement | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|-------------------------------------|---------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|                                     |                     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 3 - vote name                  |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 1 - (name)                 |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 2 - (name)                 |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Insert measure/s description</i> |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|                                     |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| And so on for the rest of the Votes |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

**Table 33 KZN263 Table SA8 - Performance Indicators and Benchmarks**

| Description of financial indicator   | Basis of calculation   | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b><u>Borrowing Management</u></b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Credit Rating  |  | 0               | 0               | 0               | 0                    | 0               | 0                  | 0                 |   |                        |                        |
| Capital Charges to Operating Expenditure                                       | Interest & Principal Paid /Operating Expenditure                           | 0.7%            | 1.5%            | 3.3%            | 0.2%                 | 0.1%            | 0.0%               | 0.0%              | 0.1%  | 0.1%                   | 0.1%                   |
| Capital Charges to Own Revenue   | Finance charges & Repayment of borrowing /Own Revenue                      | 1.0%            | 2.0%            | 4.1%            | 0.3%                 | 0.2%            | 0.0%               | 0.0%              | 0.2%  | 0.2%                   | 0.2%                   |
| Borrowed funding of 'own' capital expenditure                                  | Borrowing/Capital expenditure excl. transfers and grants and contributions | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b><u>Safety of Capital</u></b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Gearing  | Long Term Borrowing/ Funds & Reserves                                      | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b><u>Liquidity</u></b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current Ratio  | Current assets/current liabilities   | 2.3             | 1.6             | 2.9             | 1.0                  | 1.3             | 1.3                | 1.3               | 1.3   | 1.3                    | 1.3                    |
| Current Ratio adjusted for aged debtors  | Current assets less debtors > 90 days/current liabilities                  | 2.3             | 1.6             | 2.9             | 1.0                  | 1.3             | 1.3                | 1.3               | 1.3   | 1.3                    | 1.3                    |
| Liquidity Ratio  | Monetary Assets/Current Liabilities  | 1.3             | 0.4             | 0.7             | 0.3                  | 0.2             | 0.2                | 0.2               | 0.2   | 0.2                    | 0.2                    |
| <b><u>Revenue Management</u></b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Annual Debtors Collection Rate (Payment Level %)                               | Last 12 Mths Receipts/Last 12 Mths Billing                                 |                 | 100.0%          | 105.7%          | 121.4%               | 100.1%          | 106.6%             | 106.7%            | 101.0%  | 105.6%                 | 105.4%                 |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) |  | 100.0%          | 105.7%          | 121.4%          | 100.1%               | 106.6%          | 106.7%             | 101.0%            | 105.6%  | 105.4%                 | 105.3%                 |
| Outstanding Debtors to Revenue   | Total Outstanding Debtors to Annual Revenue                                | 14.4%           | 19.6%           | 18.3%           | 11.7%                | 20.2%           | 23.4%              | 22.5%             | 19.5%   | 18.0%                  | 16.7%                  |
| Longstanding Debtors Recovered   | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old                  | 0.00%           | 0.00%           | 0.00%           | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b><u>Creditors Management</u></b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |

|  |   |        |        |         |        |        |       |       |        |        |        |
|--|---|--------|--------|---------|--------|--------|-------|-------|--------|--------|--------|
| Creditors System Efficiency                          | % of Creditors Paid Within Terms (within 'MFMA' s 65(e))                                      |        |        |         |        |        |       |       |        |        |        |
| Creditors to Cash and Investments                    |   | 78.2%  | 180.5% | 234.8%  | 127.9% | 136.8% | 70.2% | 70.2% | 397.8% | 267.1% | 204.2% |
| <u>Other Indicators</u>                              |   |        |        |         |        |        |       |       |        |        |        |
| Electricity Distribution Losses (2)                  | Total Volume Losses (kW)  |        |        |         |        |        |       |       |        |        |        |
|  | Total Cost of Losses (Rand '000)  |        | 49 288 | 74 825  |        |        |       |       |        |        |        |
|  | % Volume (units purchased and generated less units sold)/units purchased and generated        | 24 983 | 38 444 | 106 385 |        |        |       |       |        |        |        |
|  |   |        | 30.46% | 47.41%  |        |        |       |       |        |        |        |
| Water Distribution Losses (2)                        | Total Volume Losses (kℓ)  |        |        |         |        |        |       |       |        |        |        |
|  | Total Cost of Losses (Rand '000)  |        | 5 669  | 3 393   |        |        |       |       |        |        |        |
|  | % Volume (units purchased and generated less units sold)/units purchased and generated        | 5 117  | 5 569  | 7 684   |        |        |       |       |        |        |        |
|  |   |        | 46.00% | 54.00%  |        |        |       |       |        |        |        |
| Employee costs                                       | Employee costs/(Total Revenue - capital revenue)  | 22.7%  | 27.5%  | 27.2%   | 33.1%  | 29.2%  | 33.4% | 32.2% | 30.4%  | 30.0%  | 29.7%  |
| Remuneration   | Total remuneration/(Total Revenue - capital revenue)  | 27.4%  | 31.8%  | 27.2%   | 38.3%  | 34.3%  | 39.1% |       | 35.7%  | 35.4%  | 35.1%  |
| Repairs & Maintenance                                | R&M/(Total Revenue excluding capital revenue)   | 2.6%   | 3.4%   | 4.0%    | 6.7%   | 4.8%   | 4.7%  |       | 3.9%   | 3.8%   | 3.7%   |
| Finance charges & Depreciation                       | FC&D/(Total Revenue - capital revenue)  | 23.5%  | 22.6%  | 17.4%   | 25.4%  | 18.4%  | 18.5% | 17.8% | 19.0%  | 18.5%  | 18.2%  |
| <u>IDP regulation financial viability indicators</u> |   |        |        |         |        |        |       |       |        |        |        |
| i. Debt coverage                                     | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 37.7   | 20.7   | 183.1   | 260.5  | 260.5  | 260.5 | 61.2  | 68.0   | 69.8   | 75.5   |
| ii. O/S Service Debtors to Revenue                   | Total outstanding service debtors/annual revenue received for services                        | 27.4%  | 32.3%  | 30.4%   | 16.3%  | 32.4%  | 34.3% | 32.5% | 31.2%  | 28.7%  | 26.3%  |
| iii. Cost coverage                                   | (Available cash + Investments)/monthly fixed operational expenditure                          | 3.1    | 1.4    | 0.5     | 1.5    | 1.4    | 3.3   | 3.3   | 0.5    | 0.7    | 0.8    |

## Performance indicators and benchmarks

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### Borrowing Management

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Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Abaqulusi Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is 0% and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is not steady, ranging from 0, 7% in 2013/14 to 0% by 2016/17. It is estimated that the cost of borrowing as a percentage of the operating expenditure will be at 0, 1 % in 2017/18 and will then remain at 0, 1 % at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 % which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

### Safety of Capital

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- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2017/18 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the ratio remains at 0%.
- The gearing ratio is a measure of the total long term borrowings over funds and reserves. The ratio remains at 0%.

### Liquidity

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- Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 1, 3 and in the 2017/18 financial year 1, 3 and remains at 1, 36 for the two outer years of the MTREF. Going forward the municipality will have to maintain the ratio above 1.

- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.2 and as part of the financial planning strategy it has remained at 0.2 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

### Revenue Management

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- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

### Creditors Management

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- The Municipality has not managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality will manage to ensure a 100% compliance rate to this legislative obligation. This is required to have a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

### Other Indicators

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- The electricity distribution losses have increased from 30.46% to 46.88%. The initiatives to ensure these targets are controlled and lowered during the 2017/18 financial year include managing illegal connections and theft of electricity by auditing all systems, including prepaid meters.
- The water distribution losses continue to increase from 46% in 2014/15 to 56,057% in 2016/17. The municipality will have to introduce a water leakage report and action centre. Also areas currently not metered will have to have meters installed to ensure residents pay for water consumed. It is planned to further try and reduce distribution losses from 50% in 2017/18 to 20% by 2019/20.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### **Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services and all indigents must apply annually and these applications will be scrutinized to ensure they are genuine.

For the 2017/18 financial year registered indigents have been provided for in the budget with this figured increasing by 2019/20. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 A10 (Basic Service Delivery Measurement) on page 75

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### **Providing clean water and managing waste water**

The Municipality is in the process of applying to the Department of Water Affairs to become the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The water is generated from the Municipality's own water sources, such as boreholes and small dams.

The waste water plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2017/18 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that need to be undertaken to address these challenges:

- Infrastructure shortcomings will be addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Section will embark on an in-house training programme, especially for operational personnel;
- The Section is working in consultation with the Department of Water Affairs to address catchment management.

### **Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **Review of credit control and debt collection procedures/policies**

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*The policy adopted last year is credible, sustainable, manageable and informed by affordability and value for money. During the 2017/18 financial year there will be a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.*

*As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, an Integrated Indigent Exit Programme will have to be developed to link the registered indigent households to development, skills and job opportunities. The programme will further seek to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.*

*The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 92% on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.*

### **Asset Management, Infrastructure Investment and Funding Policy**

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*A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.*

*Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. An Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy will prescribe the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).*

### **Budget Adjustment Policy**

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*The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.*

### **Supply Chain Management Policy**

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*The amended Supply Chain Management Policy must be adopted by Council in May 2017. The amendments must be extensively consulted on before the adoption in May 2017.*



## **Budget and Virements Policy**

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*The Budget and Virements Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virements Policy was approved by Council in May 2011 in respect of both Operating and Capital Budget Fund Transfers.*

## **Cash Management and Investment Policy**

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*The Municipality's Cash Management and Investment Policy needs to be approved by Council in May 2017. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks. The amendment is to ensure the policy is GRAP compliant.*

## **Tariff Policies**

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*The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.*

## **Financial Modelling and Scenario Planning Policy**

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*The Financial Modelling and Scenario Planning Policy will be compiled during the 2017/18 MTREF with the emphasis on affordability and long-term sustainability. The policy will dictate the approach to longer term financial modelling. The outcomes will then be filtered into the budget process. The model and scenario planning outcomes will be taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy will be the emphasis on financial sustainability. Amongst others, the following will be modelled as part of the financial modelling and scenario planning process:*

- *Approved 2016/17 Adjustments Budget;*
- *Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);*
- *Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);*
- *Loan and investment possibilities;*
- *Performance trends;*
- *Tariff Increases;*
- *The ability of the community to pay for services (affordability);*
- *Policy priorities;*
- *Improved and sustainable service delivery; and*
- *Debtor payment levels.*

*All the above existing policies are available on the Municipality's website, and all new policies will be placed on the website once adopted by Council. These include the following budget related policies:*

- *Property Rates Policy;*
- *Funding and Reserves Policy;*
- *Borrowing Policy;*
- *Budget Policy; and*
- *Basic Social Services Package (Indigent Policy).*

## Overview of budget assumptions

### External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 28,75% of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget

### Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

### Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (92%) of annual billings. Cash flow is assumed to be 92% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

## Salary increases

The multi-year Salary and Wage Collective Agreement from SALGBC has advised that municipality's budget for an annual increase of 6, 4 % for the 2017/18 financial year and for the two outer years 5, 9% and 5, 8%.

## Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 % is achieved on operating expenditure and 98% on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

## Overview of budget funding

### Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 34 Breakdown of the Operating Revenue over the Medium-Term Revenue & Expenditure Framework**

| Description  | 2017/18 Medium Term Revenue & Expenditure Framework |                |                           |                |                           |                |
|--|---|----------------|---------------------------|----------------|---------------------------|----------------|
|  | Budget Year<br>2017/18                              | %              | Budget Year +1<br>2018/19 | %              | Budget Year +2<br>2019/20 | %              |
| <b>Financial Performance</b>   |   |                |                           |                |                           |                |
| Property rates   | R 65,000  | 13,90%         | R 68,835                  | 13,54%         | R 72,896                  | 13,33%         |
| Service charges  | R 226,162   | 48,36%         | R 248,242                 | 48,82%         | R 272,460                 | 49,82%         |
| Investment revenue   | R 1,750   | 0,37%          | R 1,853                   | 0,36%          | R 1,963                   | 0,36%          |
| Transfers recognised - operational                                   | R 124,650   | 26,65%         | R 135,522                 | 26,65%         | R 143,762                 | 26,29%         |
| Other own revenue  | R 50,122  | 10,72%         | R 54,060                  | 10,63%         | R 55,753                  | 10,20%         |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>R 467,684</b>                                    | <b>100.00%</b> | <b>R508,512</b>           | <b>100.00%</b> | <b>R546,834</b>           | <b>100.00%</b> |

*Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).*

*The revenue strategy is a function of key components such as:*

- *Growth in the municipality and economic development;*
- *Revenue management and enhancement;*
- *Achievement of a 92 % annual collection rate for consumer revenue;*
- *National Treasury guidelines;*
- *Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;*
- *Achievement of full cost recovery of specific user charges;*
- *Determining tariff escalation rate by establishing/calculating revenue requirements;*
- *The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and*
- *And the ability to extend new services and obtain cost recovery levels.*

*The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.*

*The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:*

**Table 35 Proposed tariff increases over the medium-term – Revenue Category**

| Description              | 2017/18 Medium Term Revenue & Expenditure Framework |                    |                    | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
|--------------------------|---|--------------------|--------------------|---------------------|------------------------|------------------------|
|                          | Original Budget                                     | Adjusted Budget    | Full Year Forecast |                     |                        |                        |
| <b>Revenue By Source</b> |   |                    |                    |                     |                        |                        |
| Property rates           | 64 183 860  | 63 500 000         | 63 291 461         | 65 000 000          | 68 835 000             | 72 896 265             |
| Electricity revenue      | 197 587 432   | 190 301 000        | 161 915 237        | 176 530 112         | 192 983 123            | 210 973 436            |
| Water revenue            | 41 518 500  | 17 880 000         | 13 786 181         | 18 972 162          | 20 869 378             | 22 956 316             |
| Sanitation revenue       | 26 427 500  | 25 000 000         | 22 042 361         | 26 550 000          | 29 205 000             | 32 125 500             |
| Refuse revenue           | 19 496 400  | 19 100 000         | 18 903 857         | 20 284 200          | 22 312 620             | 24 543 882             |
| <b>TOTAL</b>             | <b>349 213 692</b>                                  | <b>315 781 000</b> | <b>279 939 097</b> | <b>307 336 474</b>  | <b>334 205 121</b>     | <b>363 495 399</b>     |

Revenue to be generated from property rates is R 65 million in the 2017/18 financial year and increases to R72, 8 million by 2019/20 which represents 13, 9% of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered strategic revenue source further supplementary valuation processes will be undertaken during the 2017/18 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 248, 2 million for the 2017/18 financial year and increasing to R 272, 6 million by 2019/20. For the 2017/18 financial year services charges amount to 48, 36% of the total revenue base and remains constant over the medium-term.

Operational grants and subsidies amount to R 124,6 million, R 135,5 million and R 143,7 million for each of the respective financial years of the MTREF, or 26,65%, 26,65% and 26,29% of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1,7 million, R1,8 million and R 1,9 million for the respective three financial years of the 2017/18 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 36 KZN263 SA15 – Detail Investment Particulars by type

| Investment type                            | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand                                 |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Parent municipality</u>                 |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Securities - National Government           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Listed Corporate Bonds                     |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Bank                            |     | 41 643          |                 |                 | 12 000               | 10 000          | 10 000             | 12 000  | 15 000                 | 15 000                 |
| Deposits - Public Investment Commissioners |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Corporation for Public Deposits |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Bankers Acceptance Certificates            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Negotiable Certificates of Deposit - Banks |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Guaranteed Endowment Policies (sinking)    |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Repurchase Agreements - Banks              |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Municipal Bonds                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Municipality sub-total                     | 1   | 41 643          | -               | -               | 12 000               | 10 000          | 10 000             | 12 000  | 15 000                 | 15 000                 |
| <u>Entities</u>                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Securities - National Government           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Listed Corporate Bonds                     |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Bank                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Public Investment Commissioners |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Corporation for Public Deposits |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Bankers Acceptance Certificates            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Negotiable Certificates of Deposit - Banks |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Guaranteed Endowment Policies (sinking)    |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Repurchase Agreements - Banks              |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Entities sub-total                         |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Consolidated total:                        |     | 41 643          | -               | -               | 12 000               | 10 000          | 10 000             | 12 000  | 15 000                 | 15 000                 |

**Table 37 KZN263 SA16 – Investment Particulars by Maturity**

| Investments by Maturity             | Ref | Opening balance | Interest to be realised | Partial / Premature Withdrawal (4) | Investment Top Up | Closing Balance |
|-------------------------------------|-----|-----------------|-------------------------|------------------------------------|-------------------|-----------------|
| Name of institution & investment ID | 1   |                 |                         |                                    |                   |                 |
| <u>Parent municipality</u>          |     |                 |                         |                                    |                   |                 |
| ABSA (Notice Deposit)               |     | –               |                         |                                    |                   | –               |
| ABSA (Guarantee ESKOM)              |     | –               |                         |                                    |                   | –               |
| ABSA (Call)                         |     | 70              |                         |                                    |                   | 70              |
| ABSA (Call)                         |     | 1               |                         |                                    |                   | 1               |
| ABSA (Call)                         |     | 799             |                         |                                    |                   | 799             |
| ABSA (Call)                         |     | 2 355           |                         |                                    |                   | 2 355           |
| SIMS                                |     | 0               |                         |                                    |                   | 0               |
| FIRST NATIONAL                      |     | –               |                         |                                    |                   | –               |
| INVESTEC BANK                       |     | –               |                         |                                    |                   | –               |
| STANDARD BANK                       |     | 53              |                         |                                    |                   | 53              |
| STANDARD BANK                       |     | 1 070           |                         |                                    |                   | 1 070           |
| NEDBANK                             |     | 5 404           |                         |                                    |                   | 5 404           |
|                                     |     |                 |                         |                                    |                   | –               |
| Municipality sub-total              |     | 9 752           |                         | –                                  | –                 | 9 752           |
| <u>Entities</u>                     |     |                 |                         |                                    |                   |                 |
|                                     |     |                 |                         |                                    |                   | –               |
|                                     |     |                 |                         |                                    |                   | –               |
|                                     |     |                 |                         |                                    |                   | –               |
|                                     |     |                 |                         |                                    |                   | –               |
|                                     |     |                 |                         |                                    |                   | –               |
|                                     |     |                 |                         |                                    |                   | –               |
| Entities sub-total                  |     | –               |                         | –                                  | –                 | –               |
| TOTAL INVESTMENTS AND INTEREST      | 1   | 9 752           |                         | –                                  | –                 | 9 752           |

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The draft MTREF therefore provides for a budgeted deficit of R 106 million and then R 112 million and R119 in each of the financial years which are for the non-cash items of depreciation and provisions. The municipality is seriously busy with an exercise of auditing of meters for electricity in the 2017/18 financial year.

### Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

**Table 38 Sources of Capital Revenue over the MTREF – Medium Term Revenue & Expenditure Framework A5 Capital**

| Vote Description                 |                 |                   |                     |                        |                        |
|----------------------------------|-----------------|-------------------|---------------------|------------------------|------------------------|
| R thousand                       | Adjusted Budget | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>Funded by:</b>                |                 |                   |                     |                        |                        |
| National Government              | 45,078          | 45,078            | 52,740              | 54,769                 | 56,911                 |
| Provincial Government            | –               | –                 |                     |                        |                        |
| District Municipality            | –               | –                 |                     |                        |                        |
| Other transfers and grants       | –               | –                 |                     |                        |                        |
| Transfers recognised - capital   | 45,078          | 45,078            | 52,740              | 54,769                 | 56,911                 |
| Public contributions & donations | –               |                   |                     |                        |                        |
| Borrowing                        | –               |                   |                     |                        |                        |
| Internally generated funds       | 6,863           | 6,863             | 8,447               | 8,886                  | ,9,411                 |
| <b>Total Capital Funding</b>     | <b>51,941</b>   | <b>51,941</b>     | <b>61,187</b>       | <b>63,655</b>          | <b>66,322</b>          |



**Figure 6 Sources of capital revenue for the 2017/18 financial year**

Capital grants and receipts represents R 8, 4 million from own funding and R52, 7 million from grant funding for the 2017/18 financial year.

The following table is a detailed analysis of the Municipality's borrowing liability. (SA 17)

**Table 39 KZN263 Table SA 17 - Detail of Borrowings Categorised by Type**

| Borrowing - Categorised by type<br><br>R thousand | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <u>Parent municipality</u>                        |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Long-Term Loans (annuity/reducing balance)        |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Long-Term Loans (non-annuity)                     |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Local registered stock                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Instalment Credit                                 |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Financial Leases                                  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| PPP liabilities                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Finance Granted By Cap Equipment Supplier         |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Marketable Bonds                                  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Non-Marketable Bonds                              |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Bankers Acceptances                               |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Financial derivatives                             |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other Securities                                  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Municipality sub-total                            | 1   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

**Figure 7 Growth in outstanding borrowing (long-term liabilities)**

*Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.*

Table 40 KZN263 Table SA 18 - Capital transfers and Grant Receipts

| Description                                   | Ref  | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand                                    |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| RECEIPTS:                                     | 1, 2 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| - Operating Transfers and Grants              |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                          |      | 101 839         | 109 287         | 129 193         | 130 907              | 130 907         | 130 907            | 135 598   | 146 269                | 154 310                |
| Local Government Equitable Share              |      | 89 399          | 96 203          | 106 246         | 107 884              | 107 884         | 107 884            | 117 393   | 129 314                | 137 095                |
| Finance Management                            |      | 1 550           | 1 698           | 1 600           | 1 625                | 1 625           | 1 625              | 1 700   | 1 955                  | 2 215                  |
| Integrated National Electrification Programme |      | 9 000           | 9 000           | 19 000          | 20 000               | 20 000          | 20 000             | 15 000  | 15 000                 | 15 000                 |
| EPWP Incentive                                |      | 1 000           | 1 376           | 1 417           | 1 398                | 1 398           | 1 398              | 1 505   | -                      | -                      |
| Municipal Systems Improvement                 |      | 890             | 1 010           | 930             | -                    | -               | -                  | -   | -                      | -                      |
| Other transfers/grants [insert description]   |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                        |      | 5 497           | 4 353           | 5 522           | 3 681                | 3 681           | 3 681              | 4 052   | 4 253                  | 4 452                  |
| Sport and Recreation                          |      | 143             | 151             | 4 772           | 3 681                | 3 681           | 3 681              | 4 052   | 4 253                  | 4 452                  |
| Provincial Library Grant                      |      | 2 592           | 2 700           |                 |                      |                 |                    |   |                        |                        |
| Cyber Cadet Grant                             |      | 240             | 252             |                 |                      |                 |                    |   |                        |                        |
| Thusong Centre                                |      | 2 522           | 1 250           | 750             | -                    | -               | -                  | -   | -                      | -                      |
| Other transfers/grants [insert description]   |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| District Municipality:                        |      | 50              | -               | -               | 100                  | -               | -                  | 100   | 100                    | 100                    |
| ZDM   |      | 50              | -               | -               | 100                  | -               | -                  | 100   | 100                    | 100                    |
| Other grant providers:                        |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| [insert description]                          |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Total Operating Transfers and Grants          | 5    | 107 386         | 113 640         | 134 715         | 134 688              | 134 588         | 134 588            | 139 750   | 150 622                | 158 862                |
| Capital Transfers and Grants                  |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                          |      | 29 907          | 34 158          | 39 566          | 35 078               | 25 078          | 25 078             | 37 740  | 39 769                 | 41 911                 |
| Municipal Infrastructure Grant (MIG)          |      | 29 907          | 34 158          | 39 566          | 35 078               | 25 078          | 25 078             | 37 740  | 39 769                 | 41 911                 |

|   |   |         |         |         |         |         |         |         |         |         |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Other capital transfers/grants [insert desc]        |   |         |         |         |         |         |         |         |         |         |
| Provincial Government:                              |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Other capital transfers/grants [insert description] |   |         |         |         |         |         |         |         |         |         |
| District Municipality:                              |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| ZDM   |   |         |         |         |         |         |         |         |         |         |
| Other grant providers:                              |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| [insert description]                                |   |         |         |         |         |         |         |         |         |         |
| Total Capital Transfers and Grants                  | 5 | 29 907  | 34 158  | 39 566  | 35 078  | 25 078  | 25 078  | 37 740  | 39 769  | 41 911  |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS                |   | 137 293 | 147 798 | 174 281 | 169 766 | 159 666 | 159 666 | 177 490 | 190 391 | 200 773 |

## **Cash Flow Management**

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*Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:*

- *Clear separation of receipts and payments within each cash flow category;*
- *Clear separation of capital and operating receipts from government, which also enables cash from “Ratepayers and other” to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and*
- *Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).*

**Table 41 KZN263 Table A7 - Budget Cash Flow from Operating Activities Statement**

| Description                                       | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>R thousand</b>                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates                                    |     | 38 866          | 60 900          | 61 332          | 66 316               | 66 700          | 66 116             | 66 116            | 65 000  | 68 835                 | 72 896                 |
| Service charges                                   |     | 210 439         | 224 763         | 283 614         | 247 893              | 232 281         | 216 648            | 216 648           | 242 336   | 265 370                | 290 599                |
| Other revenue                                     |     | 58 327          | 13 731          | –               | 11 936               | 8 153           | 8 120              | 8 120             | 47 109  | 52 824                 | 54 589                 |
| Government - operating                            | 1   | 133 084         | 114 773         | 112 829         | 114 513              | 114 513         | 114 513            | 114 513           | 124 650   | 133 567                | 141 547                |
| Government - capital                              | 1   | 9 000           | 49 911          | 49 687          | 55 078               | 45 078          | 45 078             | 45 078            | 52 740  | 54 769                 | 56 911                 |
| Interest  |     | 4 375           | 3 166           | 1 746           | 1 972                | 1 250           | 1 973              | 1 973             | 4 763   | 5 044                  | 5 342                  |
| Dividends   |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Payments  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Suppliers and employees                           |     | (418 410)       | (403 580)       | (401 053)       | (491 946)            | (459 013)       | (396 312)          | (396 312)         | (557 195)   | (600 706)              | (645 498)              |
| Finance charges                                   |     | (3 079)         | (458)           | (926)           | (959)                | (606)           | (8)                | (8)               | (620)   | (657)                  | (695)                  |
| Transfers and Grants                              | 1   | (33 798)        | (15 610)        | (15 721)        | (26 112)             | (19 078)        | (16 831)           | (16 831)          | (18 151)  | (19 222)               | (20 356)               |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |     | <b>(1 196)</b>  | <b>47 596</b>   | <b>91 507</b>   | <b>(21 310)</b>      | <b>(10 722)</b> | <b>39 297</b>      | <b>39 297</b>     | <b>(39 368)</b>                                     | <b>(40 176)</b>        | <b>(44 666)</b>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                       |     | –               | 677             | (294)           | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Decrease (Increase) in non-current debtors        |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Decrease (increase) other non-current receivables |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Decrease (increase) in non-current investments    |     | –               | –               | –               | 132 743              | 99 961          | 87 260             | 87 260            | 106 133   | 112 395                | 119 026                |
| Payments  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital assets                                    |     | (9 000)         | (59 670)        | (65 359)        | (70 617)             | (51 941)        | (13 107)           | (13 107)          | (61 187)  | (63 655)               | (66 322)               |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |     | <b>(9 000)</b>  | <b>(58 994)</b> | <b>(65 653)</b> | <b>62 126</b>        | <b>48 020</b>   | <b>74 153</b>      | <b>74 153</b>     | <b>44 946</b>                                       | <b>48 740</b>          | <b>52 705</b>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Short term loans                                  |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Borrowing long term/refinancing                   |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Increase (decrease) in consumer deposits          |     | –               | –               | 692             | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Payments  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Repayment of borrowing                            |     | –               | (5 117)         | (14 369)        | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |     | <b>–</b>        | <b>(5 117)</b>  | <b>(13 677)</b> | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>–</b>          | <b>–</b>  | <b>–</b>               | <b>–</b>               |

|  |   |          |          |        |        |        |          |          |        |        |        |
|--|---|----------|----------|--------|--------|--------|----------|----------|--------|--------|--------|
| NET INCREASE/ (DECREASE) IN CASH HELD    |   | (10 196) | (16 515) | 12 177 | 40 816 | 37 298 | 113 450  | 113 450  | 5 578  | 8 564  | 8 039  |
| Cash/cash equivalents at the year begin: | 2 | 83 211   | 53 151   | 1 445  | 13 622 | 13 622 | (14 259) | (14 259) | 11 931 | 17 509 | 26 073 |
| Cash/cash equivalents at the year end:   | 2 | 73 015   | 36 636   | 13 622 | 54 438 | 50 920 | 99 191   | 99 191   | 17 509 | 26 073 | 34 112 |



The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2013/14 and 2016/17 financial year moving from a positive cash balance of R 73 million to a balance of R 54,4 million with the approved 2016/17 MTREF. With the 2016/17 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality will have to undertake an extensive debt collection process to boost cash levels in the 2017/18 financial year. These initiatives and interventions still translate into a negative cash position for the Municipality and it is projected that cash and cash equivalents on hand will decrease by the financial year end. For the 2017/18 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase in 2017/18 and steadily increase by 2019/20. This schedule will be revisited before the final draft is presented in May 2017.

### **Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with Sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with Section 18 of the MFMA requirement that the municipality's budget must be "funded". Non-compliance with Section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 42 KZN263 Table A8 - Cash backed reserves / accumulated surplus reconciliation

| Description                                | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <u>Cash and investments available</u>      |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end      | 1   | 73 015          | 36 636          | 13 622          | 54 438               | 50 920          | 99 191             | 99 191            | 17 509  | 26 073                 | 34 112                 |
| Other current investments > 90 days        |     | 21 780          | (0)             | 19 538          | (27 292)             | (32 053)        | (80 324)           | (80 324)          | 1 358   | (7 206)                | (15 245)               |
| Non current assets - Investments           | 1   | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Cash and investments available:            |     | 94 794          | 36 636          | 33 160          | 27 145               | 18 867          | 18 867             | 18 867            | 18 867  | 18 867                 | 18 867                 |
| <u>Application of cash and investments</u> |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers              |     | 6 310           | 5 245           | –               | 8 036                | 8 036           | 8 036              | 8 036             | 8 036   | 8 036                  | 8 036                  |
| Unspent borrowing                          |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Statutory requirements                     | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Other working capital requirements         | 3   | (11 532)        | (13 536)        | (51 385)        | 17 848               | (13 509)        | (27 172)           | (22 151)          | (25 176)  | (25 564)               | (25 519)               |
| Other provisions                           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Long term investments committed            | 4   | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Reserves to be backed by cash/investments  | 5   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Application of cash and investments: |     | (5 222)         | (8 291)         | (51 385)        | 25 884               | (5 473)         | (19 136)           | (14 115)          | (17 140)  | (17 528)               | (17 483)               |
| Surplus(shortfall)                         |     | 100 016         | 44 927          | 84 545          | 1 261                | 24 340          | 38 003             | 32 982            | 36 007  | 36 395                 | 36 350                 |

From the above table it can be seen that the cash and investments available total R 18, 8 million in the 2017/18 financial year and remains constant to 2019/20, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- *Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2016/17 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2017/18 financial year no provision has been made for this liability as the total unspent conditional grant liability has been factored into the 2017/18 capital programme of the Municipality. The Municipality will apply for the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants needs to be motivated as part of existing projects.*
- *There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.*
- *Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The municipality will not have a liability as VAT is normally claimed from SARS.*
- *The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2016/17 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.*

*The 2017/18 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is not funded as expenditure is more than the anticipated revenue. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.*

## **Funding compliance measurement**

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*National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.*

Table 43 KZN263 SA10 – Funding compliance measurement

| Description   | MFMA section | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|--------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |              |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>Funding measures</b>                                       | -            | -   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end - R'000                 | 18(1)b       | 1   | 73 015          | 36 636          | 13 622          | 54 438               | 50 920          | 99 191             | 99 191            | 17 509  | 26 073                 | 34 112                 |
| Cash + investments at the yr end less applications - R'000    | 18(1)b       | 2   | 100 016         | 44 927          | 84 545          | 1 261                | 24 340          | 38 003             | 32 982            | 36 007  | 36 395                 | 36 350                 |
| Cash year end/monthly employee/supplier payments              | 18(1)b       | 3   | 3.1             | 1.4             | 0.5             | 1.5                  | 1.4             | 3.3                | 3.3               | 0.5   | 0.7                    | 0.8                    |
| Surplus/(Deficit) excluding depreciation offsets: R'000       | 18(1)        | 4   | 59 164          | 54 817          | 73 544          | (144 167)            | (63 702)        | (45 975)           | (30 972)          | (55 542)  | (57 305)               | (62 805)               |
| Service charge rev % change - macro CPIX target exclusive     | 18(1)a,(2)   | 5   | N.A.            | 2.4%            | (0.8%)          | 4.4%                 | (16.6%)         | (11.6%)            | (0.3%)            | (2.2%)  | 2.9%                   | 2.9%                   |
| Cash receipts % of Ratepayer & Other revenue                  | 18(1)a,(2)   | 6   | 100.0%          | 90.8%           | 96.0%           | 100.8%               | 91.1%           | 106.0%             | 100.5%            | 103.9%  | 104.3%                 | 104.2%                 |
| Debt impairment expense as a % of total billable revenue      | 18(1)a,(2)   | 7   | 2.9%            | 6.2%            | 2.2%            | 2.4%                 | 2.3%            | 2.1%               | 2.0%              | 2.4%  | 2.3%                   | 2.2%                   |
| Capital payments % of capital expenditure                     | 18(1)c;19    | 8   | 77.7%           | 107.5%          | 100.0%          | 100.0%               | 100.0%          | 28.9%              | 28.9%             | 100.0%  | 100.0%                 | 100.0%                 |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c       | 9   | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| Grants % of Govt. legislated/gazetted allocations             | 18(1)a       | 10  |                 |                 |                 |                      |                 |                    |                   | 0.0%  | 0.0%                   | 0.0%                   |
| Current consumer debtors % change - incr(decr)                | 18(1)a       | 11  | N.A.            | 27.8%           | (1.0%)          | (40.8%)              | 77.6%           | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| Long term receivables % change - incr(decr)                   | 18(1)a       | 12  | N.A.            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| R&M % of Property Plant & Equipment                           | 20(1)(vi)    | 13  | 0.8%            | 1.0%            | 59.2%           | 1.0%                 | 0.7%            | 0.6%               | 0.6%              | 0.6%  | 0.6%                   | 0.7%                   |
| Asset renewal % of capital budget                             | 20(1)(vi)    | 14  | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |

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**Cash/cash equivalent position**

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*The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A "positive" cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.*

*If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/18 MTREF shows a surplus of R17,5 million increasing to R26 million in 2018/19 and R34,1 million in 2019/20.*

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**Cash plus investments less application of funds**

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*The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 68. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.*

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**Monthly average payments covered by cash or cash equivalents**

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*The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.*

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**Surplus/deficit excluding depreciation offsets**

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*The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2017/18 MTREF the indicative outcome is a deficit of R55, 5 million.*

*It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.*

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**Property Rates/service charge revenue as a percentage increase less macro inflation target**

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*The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.*

*The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6, 4%). The result is intended to be an approximation of the real increase in revenue. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.*

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**Cash receipts as a percentage of ratepayer and other revenue**

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*This factor is a macro measure of the rate at which funds are "collected". This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 100% for each of the respective financial years. Given that the assumed collection rate was based on a 92% performance target, the cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.*

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**Debt impairment expense as a percentage of billable revenue**

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*This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.*

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**Capital payments percentage of capital expenditure**

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*The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.*

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**Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

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*The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can*

be seen that borrowing equates to 0% of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 104.

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**Transfers/grants revenue as a percentage of Government transfers/grants available**

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The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 % could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

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**Consumer debtors change (Current and Non-current)**

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The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

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**Repairs and maintenance expenditure level**

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This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 KZN263 SA34C on page 155.

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**Asset renewal/rehabilitation expenditure level**

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This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 SA34b on page 152



## Expenditure on grants and reconciliations of unspent funds

Table 45 KZN263 SA19 – Expenditure on Transfers and Grant Programmes

| Description   | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>EXPENDITURE:</b>   | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Operating expenditure of Transfers and Grants</u>        |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:  |     | 101 839         | 109 287         | 37 675          | 23 023               | 23 023          | 23 023             | 18 205  | 16 955                 | 17 215                 |
| Local Government Equitable Share                            |     | 89 399          | 96 203          | 15 721          |                      |                 |                    |   |                        |                        |
| Finance Management  |     | 1 550           | 1 698           | 1 600           | 1 625                | 1 625           | 1 625              | 1 700   | 1 955                  | 2 215                  |
| Integrated National Electrification Programme               |     | 9 000           | 9 000           | 18 089          | 20 000               | 20 000          | 20 000             | 15 000  | 15 000                 | 15 000                 |
| EPWP Incentive  |     | 1 000           | 1 376           | 1 334           | 1 398                | 1 398           | 1 398              | 1 505   | –                      | –                      |
| Municipal Systems Improvement                               |     | 890             | 1 010           | 930             |                      |                 |                    |   |                        |                        |
| Other transfers/grants [insert description]                 |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                                      |     | 5 497           | 4 353           | 7 627           | 3 681                | 3 681           | 3 681              | 4 052   | 4 253                  | 4 452                  |
| Sport and Recreation  |     | 143             | 151             | 6 877           | 3 681                | 3 681           | 3 681              | 4 052   | 4 253                  | 4 452                  |
| Provincial Library Grant                                    |     | 2 592           | 2 700           |                 |                      |                 |                    |   |                        |                        |
| Cyber Cadet Grant   |     | 240             | 252             |                 |                      |                 |                    |   |                        |                        |
| Thusong Centre  |     | 2 522           | 1 250           | 750             |                      |                 |                    |   |                        |                        |
| Other transfers/grants [insert description]                 |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| District Municipality:                                      |     | 50              | –               | –               | 100                  | –               | –                  | 100   | 100                    | 100                    |
| ZDM   |     | 50              | –               |                 | 100                  | –               | –                  | 100   | 100                    | 100                    |
| Other grant providers:                                      |     | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| [insert description]  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total operating expenditure of Transfers and Grants:</b> |     | 107 386         | 113 640         | 45 302          | 26 804               | 26 704          | 26 704             | 22 357  | 21 308                 | 21 767                 |
| <u>Capital expenditure of Transfers and Grants</u>          |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:  |     | 29 907          | 34 158          | 39 936          | 35 078               | 25 078          | 25 078             | 37 740  | 39 769                 | 41 911                 |
| Municipal Infrastructure Grant (MIG)                        |     | 29 907          | 34 158          | 39 936          | 35 078               | 25 078          | 25 078             | 37 740  | 39 769                 | 41 911                 |

|   |  |         |         |        |        |        |        |        |        |        |
|---|--|---------|---------|--------|--------|--------|--------|--------|--------|--------|
|   |  |         |         |        |        |        |        |        |        |        |
| Other capital transfers/grants [insert desc]        |  |         |         |        |        |        |        |        |        |        |
| Provincial Government:                              |  | -       | -       | -      | -      | -      | -      | -      | -      | -      |
| Other capital transfers/grants [insert description] |  |         |         |        |        |        |        |        |        |        |
| District Municipality:                              |  | -       | -       | -      | -      | -      | -      | -      | -      | -      |
| ZDM   |  |         |         |        |        |        |        |        |        |        |
| Other grant providers:                              |  | -       | -       | -      | -      | -      | -      | -      | -      | -      |
| [insert description]                                |  |         |         |        |        |        |        |        |        |        |
| Total capital expenditure of Transfers and Grants   |  | 29 907  | 34 158  | 39 936 | 35 078 | 25 078 | 25 078 | 37 740 | 39 769 | 41 911 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS           |  | 137 293 | 147 798 | 85 238 | 61 882 | 51 782 | 51 782 | 60 097 | 61 077 | 63 678 |

**Table 44 KZN263 SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

| Description   | Ref      | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating transfers and grants:</b>                  | 1,3      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                                    |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |          | 98 005          | 109 287         | 129 193         | 130 907              | 130 907         | 130 907            | 135 598   | 146 269                | 154 310                |
| Conditions met - transferred to revenue                 |          | 93 594          | 109 287         | 129 193         | 130 907              | 130 907         | 130 907            | 135 598   | 146 269                | 154 310                |
| Conditions still to be met - transferred to liabilities |          | 4 411           |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                                  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |          | 5 497           | 4 353           | 5 522           | 3 681                | 3 681           | 3 681              | 4 052   | 4 253                  | 4 452                  |
| Conditions met - transferred to revenue                 |          | 5 497           | 4 353           | 5 522           | 3 681                | 3 681           | 3 681              | 4 052   | 4 253                  | 4 452                  |
| Conditions still to be met - transferred to liabilities |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| District Municipality:                                  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |          | 100             |                 |                 | 100                  | -               | -                  | 100   | 100                    | 100                    |
| Current year receipts                                   |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |          | 100             | -               | -               | 100                  | -               | -                  | 100   | 100                    | 100                    |
| Conditions still to be met - transferred to liabilities |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other grant providers:                                  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total operating transfers and grants revenue</b>     |          | <b>99 191</b>   | <b>113 640</b>  | <b>134 715</b>  | <b>134 688</b>       | <b>134 588</b>  | <b>134 588</b>     | <b>139 750</b>                                      | <b>150 622</b>         | <b>158 862</b>         |
| <b>Total operating transfers and grants - CTBM</b>      | <b>2</b> | <b>4 411</b>    | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Capital transfers and grants:</b>                    | 1,3      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                                    |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |          | 7 125           |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |          | 38 982          | 40 911          | 39 566          | 35 078               | 25 078          | 25 078             | 37 740  | 39 769                 | 41 911                 |
| Conditions met - transferred to revenue                 |          | 46 107          | 40 911          | 39 566          | 35 078               | 25 078          | 25 078             | 37 740  | 39 769                 | 41 911                 |
| Conditions still to be met - transferred to liabilities |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                                  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |          | 5 786           |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |          | 5 786           | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

|   |   |         |         |         |         |         |         |         |         |         |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Conditions still to be met - transferred to liabilities |   |         |         |         |         |         |         |         |         |         |
| District Municipality:                                  |   |         |         |         |         |         |         |         |         |         |
| Balance unspent at beginning of the year                |   |         |         |         |         |         |         |         |         |         |
| Current year receipts                                   |   |         |         |         |         |         |         |         |         |         |
| Conditions met - transferred to revenue                 |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Conditions still to be met - transferred to liabilities |   |         |         |         |         |         |         |         |         |         |
| Other grant providers:                                  |   |         |         |         |         |         |         |         |         |         |
| Balance unspent at beginning of the year                |   |         |         |         |         |         |         |         |         |         |
| Current year receipts                                   |   |         |         |         |         |         |         |         |         |         |
| Conditions met - transferred to revenue                 |   | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Conditions still to be met - transferred to liabilities |   |         |         |         |         |         |         |         |         |         |
| Total capital transfers and grants revenue              |   | 51 893  | 40 911  | 39 566  | 35 078  | 25 078  | 25 078  | 37 740  | 39 769  | 41 911  |
| Total capital transfers and grants - CTBM               | 2 | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| TOTAL TRANSFERS AND GRANTS REVENUE                      |   | 151 084 | 154 551 | 174 281 | 169 766 | 159 666 | 159 666 | 177 490 | 190 391 | 200 773 |
| TOTAL TRANSFERS AND GRANTS - CTBM                       |   | 4 411   | -       | -       | -       | -       | -       | -       | -       | -       |

## Councillor and employee benefits

**Table 45 KZN263 SA22 - Summary of Councillor and Staff Benefits**

| Summary of Employee and Councillor remuneration<br>R thousand   | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| -   | 1   | A               | B               | C               | D                    | E               | F                  | G   | H                      | I                      |
| <b><u>Councillors (Political Office Bearers plus Other)</u></b> |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages  |     | 13 981          | 14 819          |                 | 16 620               | 16 620          | 16 416             | 17 650  | 18 868                 | 20 170                 |
| Pension and UIF Contributions                                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Medical Aid Contributions                                       |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Cellphone Allowance   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing Allowances  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other benefits and allowances                                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Councillors</b>                                  |     | 13 981          | 14 819          | -               | 16 620               | 16 620          | 16 416             | 17 650  | 18 868                 | 20 170                 |
| <b>% increase</b>   | 4   |                 | 6.0%            | (100.0%)        | -                    | -               | (1.2%)             | 7.5%  | 6.9%                   | 6.9%                   |
| <b><u>Senior Managers of the Municipality</u></b>               | 2   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages  |     | 5 715           | 4 660           |                 | 7 647                | 6 170           | 6 029              | 7 500   | 7 958                  | 8 443                  |
| Pension and UIF Contributions                                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Medical Aid Contributions                                       |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Overtime  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Performance Bonus   |     | -               | -               | -               | 1 114                | 15              | 21                 | -   | 696                    | 696                    |
| Motor Vehicle Allowance   | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Cellphone Allowance   | 3   | 95              | 6               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing Allowances  | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other benefits and allowances                                   | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Payments in lieu of leave                                       |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Long service awards   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Post-retirement benefit obligations                             | 6   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Senior Managers of Municipality</b>              |     | 5 810           | 4 666           | -               | 8 761                | 6 185           | 6 051              | 7 500   | 8 653                  | 9 139                  |
| <b>% increase</b>   | 4   |                 | (19.7%)         | (100.0%)        | -                    | (29.4%)         | (2.2%)             | 24.0%   | 15.4%                  | 5.6%                   |
| <b><u>Other Municipal Staff</u></b>                             |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages  |     | 61 465          | 73 915          | 67 248          | 73 771               | 70 259          | 69 688             | 75 874  | 81 050                 | 86 579                 |
| Pension and UIF Contributions                                   |     | 12 464          | 647             | 14 548          | 16 107               | 15 307          | 15 163             | 16 354  | 17 476                 | 18 675                 |

|  |   |                |                |                |                |                |                |                |                |                |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Medical Aid Contributions                    |   | 4 589          | 4 942          | 5 519          | 6 038          | 6 269          | 6 200          | 6 732          | 7 193          | 7 687          |
| Overtime                                     |   | 8 996          | 12 348         | 17 213         | 17 989         | 16 714         | 16 775         | 17 397         | 18 594         | 19 874         |
| Performance Bonus                            |   | 4 590          | 4 810          | 5 446          | 5 965          | 5 714          | 5 682          | 6 119          | 7 235          | 7 683          |
| Motor Vehicle Allowance                      | 3 | 10 554         | 8 751          | 7 022          | 7 679          | 7 261          | 7 194          | 7 714          | 8 243          | 8 809          |
| Cellphone Allowance                          | 3 | 444            | 12 839         | 562            | 611            | 579            | 562            | 771            | 824            | 881            |
| Housing Allowances                           | 3 | 262            | 250            | 1 025          | 1 108          | 1 049          | 1 027          | 1 132          | 1 210          | 1 293          |
| Other benefits and allowances                | 3 | 2 270          | 2 052          | 2 572          | 4 298          | 2 818          | 2 469          | 2 980          | 3 185          | 3 405          |
| Payments in lieu of leave                    |   | 2 298          | 2 002          | 4 067          | 3 815          | 3 530          | 2 861          | 3 749          | 3 970          | 4 204          |
| Long service awards                          |   | 29             | 32             | 23             | 31             | 16             | 15             | 16             | 18             | 19             |
| Post-retirement benefit obligations          | 6 | 2 270          | –              | 3 630          | 5 758          | 3 000          | 2 879          | 3 186          | 3 374          | 3 573          |
| <b>Sub Total - Other Municipal Staff</b>     |   | <b>110 229</b> | <b>122 588</b> | <b>128 873</b> | <b>143 169</b> | <b>132 515</b> | <b>130 515</b> | <b>142 024</b> | <b>152 373</b> | <b>162 683</b> |
| % increase                                   | 4 |                | 11.2%          | 5.1%           | 11.1%          | (7.4%)         | (1.5%)         | 8.8%           | 7.3%           | 6.8%           |
| <b>Total Parent Municipality</b>             |   | <b>130 020</b> | <b>142 072</b> | <b>128 873</b> | <b>168 550</b> | <b>155 319</b> | <b>152 982</b> | <b>167 175</b> | <b>179 894</b> | <b>191 992</b> |
|  |   |                | 9.3%           | (9.3%)         | 30.8%          | (7.8%)         | (1.5%)         | 9.3%           | 7.6%           | 6.7%           |
| <b><u>Board Members of Entities</u></b>      |   |                |                |                |                |                |                |                |                |                |
| Basic Salaries and Wages                     |   |                |                |                |                |                |                |                |                |                |
| Pension and UIF Contributions                |   |                |                |                |                |                |                |                |                |                |
| Medical Aid Contributions                    |   |                |                |                |                |                |                |                |                |                |
| Overtime                                     |   |                |                |                |                |                |                |                |                |                |
| Performance Bonus                            |   |                |                |                |                |                |                |                |                |                |
| Motor Vehicle Allowance                      | 3 |                |                |                |                |                |                |                |                |                |
| Cellphone Allowance                          | 3 |                |                |                |                |                |                |                |                |                |
| Housing Allowances                           | 3 |                |                |                |                |                |                |                |                |                |
| Other benefits and allowances                | 3 |                |                |                |                |                |                |                |                |                |
| Board Fees                                   |   |                |                |                |                |                |                |                |                |                |
| Payments in lieu of leave                    |   |                |                |                |                |                |                |                |                |                |
| Long service awards                          |   |                |                |                |                |                |                |                |                |                |
| Post-retirement benefit obligations          | 6 |                |                |                |                |                |                |                |                |                |
| <b>Sub Total - Board Members of Entities</b> |   | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>       |
| % increase                                   | 4 |                | –              | –              | –              | –              | –              | –              | –              | –              |
| <b><u>Senior Managers of Entities</u></b>    |   |                |                |                |                |                |                |                |                |                |
| Basic Salaries and Wages                     |   |                |                |                |                |                |                |                |                |                |
| Pension and UIF Contributions                |   |                |                |                |                |                |                |                |                |                |
| Medical Aid Contributions                    |   |                |                |                |                |                |                |                |                |                |
| Overtime                                     |   |                |                |                |                |                |                |                |                |                |
| Performance Bonus                            |   |                |                |                |                |                |                |                |                |                |
| Motor Vehicle Allowance                      | 3 |                |                |                |                |                |                |                |                |                |
| Cellphone Allowance                          | 3 |                |                |                |                |                |                |                |                |                |
| Housing Allowances                           | 3 |                |                |                |                |                |                |                |                |                |
| Other benefits and allowances                | 3 |                |                |                |                |                |                |                |                |                |

|   |     |         |         |         |         |         |         |         |         |         |
|---|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Payments in lieu of leave               |     |         |         |         |         |         |         |         |         |         |
| Long service awards                     |     |         |         |         |         |         |         |         |         |         |
| Post-retirement benefit obligations     | 6   |         |         |         |         |         |         |         |         |         |
| Sub Total - Senior Managers of Entities |     | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| % increase                              | 4   |         | -       | -       | -       | -       | -       | -       | -       | -       |
| <u>Other Staff of Entities</u>          |     |         |         |         |         |         |         |         |         |         |
| Basic Salaries and Wages                |     |         |         |         |         |         |         |         |         |         |
| Pension and UIF Contributions           |     |         |         |         |         |         |         |         |         |         |
| Medical Aid Contributions               |     |         |         |         |         |         |         |         |         |         |
| Overtime                                |     |         |         |         |         |         |         |         |         |         |
| Performance Bonus                       |     |         |         |         |         |         |         |         |         |         |
| Motor Vehicle Allowance                 | 3   |         |         |         |         |         |         |         |         |         |
| Cellphone Allowance                     | 3   |         |         |         |         |         |         |         |         |         |
| Housing Allowances                      | 3   |         |         |         |         |         |         |         |         |         |
| Other benefits and allowances           | 3   |         |         |         |         |         |         |         |         |         |
| Payments in lieu of leave               |     |         |         |         |         |         |         |         |         |         |
| Long service awards                     |     |         |         |         |         |         |         |         |         |         |
| Post-retirement benefit obligations     | 6   |         |         |         |         |         |         |         |         |         |
| Sub Total - Other Staff of Entities     |     | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| % increase                              | 4   |         | -       | -       | -       | -       | -       | -       | -       | -       |
| Total Municipal Entities                |     | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| TOTAL SALARY, ALLOWANCES & BENEFITS     |     |         |         |         |         |         |         |         |         |         |
|   |     | 130 020 | 142 072 | 128 873 | 168 550 | 155 319 | 152 982 | 167 175 | 179 894 | 191 992 |
| % increase                              | 4   |         | 9.3%    | (9.3%)  | 30.8%   | (7.8%)  | (1.5%)  | 9.3%    | 7.6%    | 6.7%    |
| TOTAL MANAGERS AND STAFF                | 5,7 | 116 039 | 127 254 | 128 873 | 151 930 | 138 699 | 136 566 | 149 524 | 161 026 | 171 822 |

**Table 46 KZN263 SA23 – Disclosure - Salaries, allowances and benefits (Political Office Bearers / Councillors / Senior Managers)**

| Disclosure of Salaries, Allowances & Benefits 1.                | Ref  | No. | Salary     | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
|---|------|-----|------------|---------------|------------|---------------------|------------------|---------------|
| Rand per annum  |      |     |            | 1.            |            |                     |                  | 2.            |
| <b><u>Councillors</u></b>                                       | 3    |     |            |               |            |                     |                  |               |
| Speaker   | 4    |     | 761 348    |               |            |                     |                  | 761 348       |
| Chief Whip  |      |     | 696 008    |               |            |                     |                  | 696 008       |
| Executive Mayor   |      |     | 931 799    |               |            |                     |                  | 931 799       |
| Deputy Executive Mayor  |      |     | 761 348    |               |            |                     |                  | 761 348       |
| Executive Committee   |      |     | 4 872 058  |               |            |                     |                  | 4 872 058     |
| Total for all other councillors                                 |      |     | 9 627 776  |               |            |                     |                  | 9 627 776     |
| <b>Total Councillors</b>  | 8    | –   | 17 650 337 | –             | –          |                     |                  | 17 650 337    |
| <b><u>Senior Managers of the Municipality</u></b>               | 5    |     |            |               |            |                     |                  |               |
| Municipal Manager (MM)  |      |     | 1 500 000  |               |            |                     |                  | 1 500 000     |
| Chief Finance Officer   |      |     | 1 200 000  |               |            |                     |                  | 1 200 000     |
| Director Technical Services                                     |      |     | 1 200 000  |               |            |                     |                  | 1 200 000     |
| Director Corporate Services                                     |      |     | 1 200 000  |               |            |                     |                  | 1 200 000     |
| Director Community Services                                     |      |     | 1 200 000  |               |            |                     |                  | 1 200 000     |
| Director Development Planning                                   |      |     | 1 200 000  |               |            |                     |                  | 1 200 000     |
| <i>List of each official with packages &gt;= senior manager</i> |      |     |            |               |            |                     |                  |               |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
|   |      |     |            |               |            |                     |                  | –             |
| <b>Total Senior Managers of the Municipality</b>                | 8,10 | –   | 7 500 000  | –             | –          | –                   |                  | 7 500 000     |



Table 47 KZN263 SA24 – Summary of personnel numbers

| Summary of Personnel Numbers                                  | Ref | 2015/16   |                     |                    | Current Year 2016/17 |                     |                    | Budget Year 2017/18 |                     |                    |
|---|-----|-----------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| Number  | 1,2 | Positions | Permanent employees | Contract employees | Positions            | Permanent employees | Contract employees | Positions           | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities            |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Councillors (Political Office Bearers plus Other Councillors) |     | 44        | 44                  |                    | 44                   | 44                  |                    | 44                  | 44                  |                    |
| Board Members of municipal entities                           | 4   |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Municipal employees   | 5   |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Municipal Manager and Senior Managers                         | 3   | 6         |                     | 6                  | 6                    |                     | 6                  | 6                   |                     | 6                  |
| Other Managers  | 7   | 20        | 20                  |                    |                      |                     |                    |                     |                     |                    |
| Professionals   |     | 82        | -                   | -                  | 82                   | -                   | -                  | 82                  | -                   | -                  |
| Finance   |     | 66        |                     |                    | 66                   |                     |                    | 66                  |                     |                    |
| Spatial/town planning   |     | 8         |                     |                    | 8                    |                     |                    | 8                   |                     |                    |
| Information Technology  |     | 4         |                     |                    | 4                    |                     |                    | 4                   |                     |                    |
| Roads   |     | 4         |                     |                    | 4                    |                     |                    | 4                   |                     |                    |
| Electricity   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Water   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Sanitation  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Refuse  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Other   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Technicians   |     | 151       | -                   | -                  | 151                  | -                   | -                  | 151                 | -                   | -                  |
| Finance   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Spatial/town planning   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Information Technology  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Roads   |     | 29        |                     |                    | 29                   |                     |                    | 29                  |                     |                    |
| Electricity   |     | 40        |                     |                    | 40                   |                     |                    | 40                  |                     |                    |
| Water   |     | 40        |                     |                    | 40                   |                     |                    | 40                  |                     |                    |
| Sanitation  |     | 40        |                     |                    | 40                   |                     |                    | 40                  |                     |                    |
| Refuse  |     | 2         |                     |                    | 2                    |                     |                    | 2                   |                     |                    |
| Other   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Clerks (Clerical and administrative)                          |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Service and sales workers                                     |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Skilled agricultural and fishery workers                      |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Craft and related trades                                      |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Plant and Machine Operators                                   |     | 21        |                     |                    | 21                   |                     |                    | 21                  |                     |                    |
| Elementary Occupations  |     | 295       |                     |                    | 295                  |                     |                    | 295                 |                     |                    |
| TOTAL PERSONNEL NUMBERS                                       | 9   | 619       | 64                  | 6                  | 599                  | 44                  | 6                  | 599                 | 44                  | 6                  |

|                                     |      |  |  |  |        |         |   |   |   |   |
|-------------------------------------|------|--|--|--|--------|---------|---|---|---|---|
| % increase                          |      |  |  |  | (3.2%) | (31.3%) | - | - | - | - |
| Total municipal employees headcount | 6,10 |  |  |  |        |         |   |   |   |   |
| Finance personnel headcount         | 8,10 |  |  |  |        |         |   |   |   |   |
| Human Resources personnel headcount | 8,10 |  |  |  |        |         |   |   |   |   |

## Monthly targets for revenue, expenditure and cash flow

**Table 48 KZN263 SA25 - Budgeted monthly Revenue and Expenditure**

| Description  | Ref | Budget Year 2017/18 |               |               |               |               |               |               |               |               |               |               |               | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|-----|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
|  |     | July                | August        | Sept.         | October       | November      | December      | January       | February      | March         | April         | May           | June          | Budget Year 2017/18                           | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>R thousand</b>  |     |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |
| <b>Revenue By Source</b>   | -   |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |
| Property rates   |     | 5 417               | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 65 000  | 68 835                 | 72 896                 |
| Service charges - electricity revenue                                |     | 14 711              | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 11 312        | 173 132                                       | 189 384                | 207 162                |
| Service charges - water revenue                                      |     | 1 581               | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | (479)         | 16 912  | 18 688                 | 20 646                 |
| Service charges - sanitation revenue                                 |     | 2 213               | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | (3 544)       | 20 794  | 23 109                 | 25 670                 |
| Service charges - refuse revenue                                     |     | 1 690               | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | (3 269)       | 15 325  | 17 060                 | 18 982                 |
| Service charges - other  |     | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Rental of facilities and equipment                                   |     | 95                  | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 1 145   | 1 214                  | 1 287                  |
| Interest earned - external investments                               |     | 146                 | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 1 750   | 1 853                  | 1 963                  |
| Interest earned - outstanding debtors                                |     | 1                   | 1             | 1             | 1             | 1             | 1             | 1             | 1             | 1             | 1             | 1             | 1             | 13  | 14                     | 15                     |
| Dividends received   |     | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Fines, penalties and forfeits  |     | 168                 | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 2 010   | 2 129                  | 2 254                  |
| Licences and permits   |     | 370                 | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 4 443   | 4 705                  | 4 982                  |
| Agency services  |     | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Transfers and subsidies  |     | 39 131              | 1 700         | -             | -             | 39 131        | -             | 5 557         | -             | 39 131        | -             | -             | -             | 124 650                                       | 135 522                | 143 762                |
| Other revenue  |     | 3 543               | 3 543         | 3 543         | 3 543         | 3 543         | 3 543         | 3 543         | 3 543         | 3 543         | 3 543         | 3 543         | 3 543         | 42 511  | 45 999                 | 47 215                 |
| Gains on disposal of PPE   |     | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |     | <b>69 065</b>       | <b>31 634</b> | <b>29 934</b> | <b>29 934</b> | <b>69 065</b> | <b>29 934</b> | <b>35 491</b> | <b>29 934</b> | <b>69 065</b> | <b>29 934</b> | <b>29 934</b> | <b>13 760</b> | <b>467 684</b>                                | <b>508 512</b>         | <b>546 834</b>         |
| <b>Expenditure By Type</b>   | -   |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |
| Employee related costs   |     | 10 748              | 10 748        | 12 481        | 10 748        | 16 867        | 12 481        | 10 748        | 10 748        | 12 481        | 10 748        | 10 748        | 12 481        | 142 024                                       | 152 373                | 162 683                |
| Remuneration of councillors  |     | 1 471               | 1 471         | 1 471         | 1 471         | 1 471         | 1 471         | 1 471         | 1 471         | 1 471         | 1 471         | 1 471         | 1 471         | 17 650  | 18 868                 | 20 170                 |
| Debt impairment  |     | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | 6 903         | 6 903   | 7 310                  | 7 742                  |
| Depreciation & asset impairment                                      |     | 7 337               | 7 337         | 7 337         | 7 337         | 7 337         | 7 337         | 7 337         | 7 337         | 7 337         | 7 337         | 7 337         | 7 337         | 88 047  | 93 242                 | 98 744                 |
| Finance charges  |     | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | 620           | 620   | 657                    | 695                    |
| Bulk purchases   |     | 21 667              | 21 667        | 9 853         | 9 853         | 9 853         | 9 853         | 9 853         | 9 853         | 9 853         | 9 853         | 9 853         | 21 667        | 153 680                                       | 171 012                | 190 074                |
| Other materials  |     | 1 505               | 1 505         | 1 505         | 1 505         | 1 505         | 1 505         | 1 505         | 1 505         | 1 505         | 1 505         | 1 505         | 1 505         | 18 062  | 19 127                 | 20 256                 |

|  |          |               |                 |                 |                 |               |                 |                |                 |               |                 |                 |                 |                  |                  |                  |
|--|----------|---------------|-----------------|-----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Contracted services  |          | 7 668         | 7 668           | 7 668           | 7 668           | 7 668         | 7 668           | 7 668          | 7 668           | 7 668         | 7 668           | 7 668           | 7 669           | 92 020           | 97 920           | 102 826          |
| Transfers and subsidies  |          | 1 513         | 1 513           | 1 513           | 1 513           | 1 513         | 1 513           | 1 513          | 1 513           | 1 513         | 1 513           | 1 513           | 1 512           | 18 151           | 19 222           | 20 356           |
| Other expenditure  |          | 3 234         | 3 234           | 3 234           | 3 234           | 3 234         | 3 234           | 3 234          | 3 234           | 3 234         | 3 234           | 3 234           | 3 234           | 38 808           | 40 854           | 43 005           |
| Loss on disposal of PPE  |          | –             | –               | –               | –               | –             | –               | –              | –               | –             | –               | –               | –               | –                | –                | –                |
| <b>Total Expenditure</b>   |          | <b>55 142</b> | <b>55 142</b>   | <b>45 063</b>   | <b>43 329</b>   | <b>49 448</b> | <b>45 063</b>   | <b>43 329</b>  | <b>43 329</b>   | <b>45 063</b> | <b>43 329</b>   | <b>43 329</b>   | <b>64 399</b>   | <b>575 966</b>   | <b>620 585</b>   | <b>666 550</b>   |
| <b>Surplus/(Deficit)</b>   |          | <b>13 923</b> | <b>(23 508)</b> | <b>(15 129)</b> | <b>(13 395)</b> | <b>19 617</b> | <b>(15 129)</b> | <b>(7 838)</b> | <b>(13 395)</b> | <b>24 002</b> | <b>(13 395)</b> | <b>(13 395)</b> | <b>(50 640)</b> | <b>(108 282)</b> | <b>(112 074)</b> | <b>(119 716)</b> |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |          | 12 580        |                 | 3 000           | 2 000           | 14 580        | 2 000           | 2 000          | 2 000           | 14 580        | –               | –               | –               | 52 740           | 54 769           | 56 911           |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |          | –             | –               | –               | –               | –             | –               | –              | –               | –             | –               | –               | –               | –                | –                | –                |
| Transfers and subsidies - capital (in-kind - all)  |          | –             | –               | –               | –               | –             | –               | –              | –               | –             | –               | –               | –               | –                | –                | –                |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   |          | <b>26 503</b> | <b>(23 508)</b> | <b>(12 129)</b> | <b>(11 395)</b> | <b>34 197</b> | <b>(13 129)</b> | <b>(5 838)</b> | <b>(11 395)</b> | <b>38 582</b> | <b>(13 395)</b> | <b>(13 395)</b> | <b>(50 640)</b> | <b>(55 542)</b>  | <b>(57 305)</b>  | <b>(62 805)</b>  |
| Taxation   |          | –             | –               | –               | –               | –             | –               | –              | –               | –             | –               | –               | –               | –                | –                | –                |
| Attributable to minorities   |          | –             | –               | –               | –               | –             | –               | –              | –               | –             | –               | –               | –               | –                | –                | –                |
| Share of surplus/ (deficit) of associate   |          | –             | –               | –               | –               | –             | –               | –              | –               | –             | –               | –               | –               | –                | –                | –                |
| <b>Surplus/(Deficit)</b>   | <b>1</b> | <b>26 503</b> | <b>(23 508)</b> | <b>(12 129)</b> | <b>(11 395)</b> | <b>34 197</b> | <b>(13 129)</b> | <b>(5 838)</b> | <b>(11 395)</b> | <b>38 582</b> | <b>(13 395)</b> | <b>(13 395)</b> | <b>(50 640)</b> | <b>(55 542)</b>  | <b>(57 305)</b>  | <b>(62 805)</b>  |

Table 49 KZN263 SA26 - Budgeted monthly Revenue and Expenditure (Municipal Vote)

| Description                                   | Re<br>f | Budget Year 2017/18 |               |               |               |               |               |               |               |               |               |               |               | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|---------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
|   |         | July                | August        | Sept.         | October       | November      | December      | January       | February      | March         | April         | May           | June          | Budget Year 2017/18                           | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>Revenue by Vote</b>                        |         |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |
| Vote 1 - Executive & Council                  |         | –                   | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –   | –                      | –                      |
| Vote 2 - Finance                              |         | 45 115              | 7 684         | 5 984         | 5 984         | 45 115        | 5 984         | 5 984         | 5 984         | 45 115        | 5 984         | 5 984         | 5 984         | 190 898                                       | 207 310                | 219 838                |
| Vote 3 - Administration                       |         | 0                   | 0             | 502           | 0             | 0             | 502           | 0             | 0             | 502           | 0             | 0             | 0             | 1 510   | 5                      | 6                      |
| Vote 4 - Community & Social Services          |         | 21                  | 21            | 21            | 21            | 21            | 21            | 3 890         | 21            | 204           | 21            | 21            | 22            | 4 307   | 4 523                  | 4 738                  |
| Vote 5 - Road Transport                       |         | 12 971              | 391           | 391           | 391           | 12 971        | 391           | 391           | 391           | 12 971        | 391           | 391           | 392           | 42 436  | 44 727                 | 47 147                 |
| Vote 6 - Energy Sources                       |         | 14 711              | 14 711        | 17 711        | 16 711        | 16 711        | 16 711        | 16 711        | 16 711        | 16 711        | 14 711        | 14 711        | 14 711        | 191 530                                       | 207 983                | 225 973                |
| Vote 7 - Housing                              |         | –                   | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –   | –                      | –                      |
| Vote 8 - Internal Audit                       |         | –                   | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –   | –                      | –                      |
| Vote 9 - Other                                |         | 167                 | 167           | 167           | 267           | 167           | 167           | 167           | 167           | 167           | 167           | 167           | 167           | 2 100   | 2 218                  | 2 343                  |
| Vote 10 - Planning & Development              |         | 23                  | 23            | 23            | 23            | 23            | 23            | 23            | 23            | 23            | 23            | 23            | 23            | 270   | 1 486                  | 303                    |
| Vote 11 - Public Safety                       |         | –                   | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –   | –                      | –                      |
| Vote 12 - Waste Management                    |         | 1 690               | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 20 284  | 22 313                 | 24 544                 |
| Vote 13 - Waste Water Management              |         | 2 213               | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 26 550  | 29 205                 | 32 126                 |
| Vote 14 - Water Management                    |         | 1 581               | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 18 972  | 20 869                 | 22 956                 |
| Vote 15 -                                     |         | –                   | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –   | –                      | –                      |
| <b>Total Revenue by Vote</b>                  |         | <b>78 492</b>       | <b>28 481</b> | <b>30 282</b> | <b>28 881</b> | <b>80 492</b> | <b>29 282</b> | <b>32 650</b> | <b>28 781</b> | <b>81 176</b> | <b>26 781</b> | <b>26 781</b> | <b>26 781</b> | <b>498 858</b>                                | <b>540 640</b>         | <b>579 973</b>         |
| <b>Expenditure by Vote to be appropriated</b> |         |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |
| Vote 1 - Executive & Council                  |         | 5 433               | 5 433         | 5 433         | 5 433         | 5 433         | 5 433         | 5 433         | 5 433         | 5 433         | 5 433         | 5 433         | 5 433         | 65 198  | 69 596                 | 73 940                 |
| Vote 2 - Finance                              |         | 2 467               | 2 467         | 2 467         | 2 467         | 3 307         | 2 467         | 2 467         | 2 467         | 2 467         | 2 467         | 2 467         | 2 467         | 30 444  | 33 099                 | 35 709                 |
| Vote 3 - Administration                       |         | 2 628               | 2 628         | 2 628         | 2 628         | 3 200         | 2 628         | 2 628         | 2 628         | 2 628         | 2 628         | 2 628         | 2 627         | 32 103  | 32 526                 | 34 576                 |
| Vote 4 - Community & Social Services          |         | 2 325               | 2 325         | 2 325         | 2 325         | 2 845         | 2 325         | 2 325         | 2 325         | 2 325         | 2 325         | 2 325         | 2 325         | 28 417  | 30 133                 | 32 017                 |
| Vote 5 - Road Transport                       |         | 7 137               | 7 137         | 7 137         | 7 137         | 8 239         | 7 137         | 7 137         | 7 137         | 7 137         | 7 137         | 7 137         | 7 137         | 86 741  | 92 091                 | 97 772                 |
| Vote 6 - Energy Sources                       |         | 32 027              | 32 027        | 12 027        | 12 027        | 12 027        | 22 027        | 17 027        | 17 027        | 17 027        | 22 027        | 12 027        | 24 665        | 231 967                                       | 255 752                | 277 605                |
| Vote 7 - Housing                              |         | 204                 | 204           | 204           | 204           | 321           | 204           | 204           | 204           | 204           | 204           | 204           | 204           | 2 562   | 2 735                  | 2 919                  |
| Vote 8 - Internal Audit                       |         | –                   | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –   | –                      | –                      |
| Vote 9 - Other                                |         | 158                 | 158           | 158           | 158           | 258           | 158           | 158           | 158           | 158           | 158           | 158           | 158           | 1 996   | 2 127                  | 2 266                  |
| Vote 10 - Planning & Development              |         | 1 080               | 1 080         | 1 080         | 1 080         | 1 221         | 1 080         | 1 080         | 1 080         | 1 080         | 1 080         | 1 080         | 1 080         | 13 095  | 15 471                 | 14 786                 |
| Vote 11 - Public Safety                       |         | –                   | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –             | –   | –                      | –                      |

|  |   |        |          |          |          |        |          |          |          |        |          |          |          |           |           |           |
|--|---|--------|----------|----------|----------|--------|----------|----------|----------|--------|----------|----------|----------|-----------|-----------|-----------|
| Vote 12 - Waste Management               |   | 2 545  | 2 545    | 2 545    | 2 545    | 2 789  | 2 545    | 2 545    | 2 545    | 2 545  | 2 545    | 2 545    | 2 545    | 30 783    | 32 647    | 34 624    |
| Vote 13 - Waste Water Management         |   | 3 588  | 3 588    | 3 588    | 3 588    | 4 257  | 3 588    | 3 588    | 3 588    | 3 588  | 3 588    | 3 588    | 3 588    | 43 721    | 46 697    | 49 880    |
| Vote 14 - Water Management               |   | 3 068  | 3 068    | 3 068    | 3 068    | 3 705  | 3 068    | 3 068    | 3 068    | 3 068  | 3 068    | 3 068    | 3 068    | 37 453    | 39 818    | 42 334    |
| Vote 15 -                                |   |        |          |          |          |        |          |          |          |        |          |          | -        | -         | -         | -         |
| Total Expenditure by Vote                |   | 62 658 | 62 658   | 42 658   | 42 658   | 47 601 | 52 658   | 47 658   | 47 658   | 47 658 | 52 658   | 42 658   | 55 296   | 604 480   | 652 692   | 698 428   |
| Surplus/(Deficit) before assoc.          |   | 15 833 | (34 178) | (12 376) | (13 778) | 32 890 | (23 376) | (15 009) | (18 878) | 33 518 | (25 878) | (15 878) | (28 515) | (105 623) | (112 052) | (118 455) |
| Taxation                                 |   | -      | -        | -        | -        | -      | -        | -        | -        | -      | -        | -        | -        | -         | -         | -         |
| Attributable to minorities               |   | -      | -        | -        | -        | -      | -        | -        | -        | -      | -        | -        | -        | -         | -         | -         |
| Share of surplus/ (deficit) of associate |   | -      | -        | -        | -        | -      | -        | -        | -        | -      | -        | -        | -        | -         | -         | -         |
| Surplus/(Deficit)                        | 1 | 15 833 | (34 178) | (12 376) | (13 778) | 32 890 | (23 376) | (15 009) | (18 878) | 33 518 | (25 878) | (15 878) | (28 515) | (105 623) | (112 052) | (118 455) |

Table 50 KZN263 SA27 - Budgeted monthly Revenue and Expenditure (Standard Classification)

| Description                                | Ref | Budget Year 2017/18 |        |        |         |          |          |         |          |        |        |        |        | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|-----|---------------------|--------|--------|---------|----------|----------|---------|----------|--------|--------|--------|--------|---|------------------------|------------------------|
|  |     | July                | August | Sept.  | October | November | December | January | February | March  | April  | May    | June   | Budget Year 2017/18                           | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>Revenue - Functional</b>                | -   |                     |        |        |         |          |          |         |          |        |        |        |        |   |                        |                        |
| <b>Governance and administration</b>       |     | 45 115              | 7 684  | 6 486  | 5 984   | 45 115   | 6 486    | 5 984   | 5 984    | 45 617 | 5 984  | 5 984  | 5 984  | 192 408                                       | 207 316                | 219 843                |
| Executive and council                      |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -      | -   | -                      | -                      |
| Finance and administration                 |     | 45 115              | 7 684  | 6 486  | 5 984   | 45 115   | 6 486    | 5 984   | 5 984    | 45 617 | 5 984  | 5 984  | 5 984  | 192 408                                       | 207 316                | 219 843                |
| Internal audit                             |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -      | -   | -                      | -                      |
| <b>Community and public safety</b>         |     | 391                 | 391    | 391    | 391     | 391      | 391      | 391     | 391      | 391    | 391    | 391    | 4 444  | 8 750   | 9 228                  | 9 721                  |
| Community and social services              |     | 21                  | 21     | 21     | 21      | 21       | 21       | 21      | 21       | 21     | 21     | 21     | 4 074  | 4 307   | 4 523                  | 4 738                  |
| Sport and recreation                       |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -      | -   | -                      | -                      |
| Public safety                              |     | 370                 | 370    | 370    | 370     | 370      | 370      | 370     | 370      | 370    | 370    | 370    | 370    | 4 443   | 4 705                  | 4 982                  |
| Housing                                    |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -      | -   | -                      | -                      |
| Health                                     |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -      | -   | -                      | -                      |
| <b>Economic and environmental services</b> |     | 12 624              | 44     | 44     | 44      | 12 624   | 44       | 44      | 44       | 12 624 | 44     | 44     | 44     | 38 264  | 41 509                 | 42 467                 |
| Planning and development                   |     | 23                  | 23     | 23     | 23      | 23       | 23       | 23      | 23       | 23     | 23     | 23     | 23     | 270   | 1 486                  | 303                    |
| Road transport                             |     | 12 601              | 21     | 21     | 21      | 12 601   | 21       | 21      | 21       | 12 601 | 21     | 21     | 21     | 37 994  | 40 023                 | 42 165                 |
| Environmental protection                   |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -      | -   | -                      | -                      |
| <b>Trading services</b>                    |     | 20 195              | 20 195 | 23 195 | 22 195  | 22 195   | 22 195   | 22 195  | 22 195   | 22 195 | 20 195 | 20 195 | 20 195 | 257 336                                       | 280 370                | 305 599                |
| Energy sources                             |     | 14 711              | 14 711 | 17 711 | 16 711  | 16 711   | 16 711   | 16 711  | 16 711   | 16 711 | 14 711 | 14 711 | 14 711 | 191 530                                       | 207 983                | 225 973                |
| Water management                           |     | 1 581               | 1 581  | 1 581  | 1 581   | 1 581    | 1 581    | 1 581   | 1 581    | 1 581  | 1 581  | 1 581  | 1 581  | 18 972  | 20 869                 | 22 956                 |
| Waste water management                     |     | 2 213               | 2 213  | 2 213  | 2 213   | 2 213    | 2 213    | 2 213   | 2 213    | 2 213  | 2 213  | 2 213  | 2 213  | 26 550  | 29 205                 | 32 126                 |
| Waste management                           |     | 1 690               | 1 690  | 1 690  | 1 690   | 1 690    | 1 690    | 1 690   | 1 690    | 1 690  | 1 690  | 1 690  | 1 690  | 20 284  | 22 313                 | 24 544                 |
| <b>Other</b>                               |     | 167                 | 167    | 167    | 267     | 167      | 167      | 167     | 167      | 167    | 167    | 167    | 167    | 2 100   | 2 218                  | 2 343                  |
| <b>Total Revenue - Functional</b>          |     | 78 492              | 28 481 | 30 282 | 28 881  | 80 492   | 29 282   | 28 781  | 28 781   | 80 994 | 26 781 | 26 781 | 30 833 | 498 858                                       | 540 640                | 579 973                |
|  |     |                     | 43 235 | 48 037 | 45 635  | 97 246   | 46 037   | 45 535  | 45 535   | 97 748 | 41 535 | 41 535 |        |   |                        |                        |
| <b>Expenditure - Functional</b>            | -   |                     |        |        |         |          |          |         |          |        |        |        |        |   |                        |                        |
| <b>Governance and administration</b>       |     | 10 528              | 10 528 | 10 528 | 10 528  | 11 940   | 10 528   | 10 528  | 10 528   | 10 528 | 10 528 | 10 528 | 10 528 | 127 746                                       | 135 222                | 144 225                |
| Executive and council                      |     | 5 433               | 5 433  | 5 433  | 5 433   | 5 433    | 5 433    | 5 433   | 5 433    | 5 433  | 5 433  | 5 433  | 5 433  | 65 198  | 69 596                 | 73 940                 |
| Finance and administration                 |     | 5 095               | 5 095  | 5 095  | 5 095   | 6 507    | 5 095    | 5 095   | 5 095    | 5 095  | 5 095  | 5 095  | 5 094  | 62 547  | 65 625                 | 70 285                 |
| Internal audit                             |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -      | -   | -                      | -                      |
| <b>Community and public safety</b>         |     | 2 529               | 2 529  | 2 529  | 2 529   | 3 165    | 2 529    | 2 529   | 2 529    | 2 529  | 2 529  | 2 529  | 2 529  | 30 980  | 32 868                 | 34 936                 |
| Community and social services              |     | 2 325               | 2 325  | 2 325  | 2 325   | 2 845    | 2 325    | 2 325   | 2 325    | 2 325  | 2 325  | 2 325  | 2 325  | 28 417  | 30 133                 | 32 017                 |

|  |   |        |          |          |          |        |          |          |          |        |          |          |          |           |           |           |
|--|---|--------|----------|----------|----------|--------|----------|----------|----------|--------|----------|----------|----------|-----------|-----------|-----------|
| Sport and recreation                       |   | -      | -        | -        | -        | -      | -        | -        | -        | -      | -        | -        | -        | -         | -         | -         |
| Public safety                              |   | -      | -        | -        | -        | -      | -        | -        | -        | -      | -        | -        | -        | -         | -         | -         |
| Housing                                    |   | 204    | 204      | 204      | 204      | 321    | 204      | 204      | 204      | 204    | 204      | 204      | 204      | 2 562     | 2 735     | 2 919     |
| Health                                     |   | -      | -        | -        | -        | -      | -        | -        | -        | -      | -        | -        | -        | -         | -         | -         |
| <i>Economic and environmental services</i> |   | 8 216  | 8 216    | 8 216    | 8 216    | 9 459  | 8 216    | 8 216    | 8 216    | 8 216  | 8 216    | 8 216    | 8 216    | 99 836    | 107 562   | 112 558   |
| Planning and development                   |   | 1 080  | 1 080    | 1 080    | 1 080    | 1 221  | 1 080    | 1 080    | 1 080    | 1 080  | 1 080    | 1 080    | 1 080    | 13 095    | 15 471    | 14 786    |
| Road transport                             |   | 7 137  | 7 137    | 7 137    | 7 137    | 8 239  | 7 137    | 7 137    | 7 137    | 7 137  | 7 137    | 7 137    | 7 137    | 86 741    | 92 091    | 97 772    |
| Environmental protection                   |   | -      | -        | -        | -        | -      | -        | -        | -        | -      | -        | -        | -        | -         | -         | -         |
| <i>Trading services</i>                    |   | 41 228 | 41 228   | 21 228   | 21 228   | 22 778 | 31 228   | 26 228   | 26 228   | 26 228 | 31 228   | 21 228   | 33 866   | 343 923   | 374 914   | 404 443   |
| Energy sources                             |   | 32 027 | 32 027   | 12 027   | 12 027   | 12 027 | 22 027   | 17 027   | 17 027   | 17 027 | 22 027   | 12 027   | 24 665   | 231 967   | 255 752   | 277 605   |
| Water management                           |   | 3 068  | 3 068    | 3 068    | 3 068    | 3 705  | 3 068    | 3 068    | 3 068    | 3 068  | 3 068    | 3 068    | 3 068    | 37 453    | 39 818    | 42 334    |
| Waste water management                     |   | 3 588  | 3 588    | 3 588    | 3 588    | 4 257  | 3 588    | 3 588    | 3 588    | 3 588  | 3 588    | 3 588    | 3 588    | 43 721    | 46 697    | 49 880    |
| Waste management                           |   | 2 545  | 2 545    | 2 545    | 2 545    | 2 789  | 2 545    | 2 545    | 2 545    | 2 545  | 2 545    | 2 545    | 2 545    | 30 783    | 32 647    | 34 624    |
| <i>Other</i>                               |   | 158    | 158      | 158      | 158      | 258    | 158      | 158      | 158      | 158    | 158      | 158      | 158      | 1 996     | 2 127     | 2 266     |
| Total Expenditure - Functional             |   | 62 658 | 62 658   | 42 658   | 42 658   | 47 601 | 52 658   | 47 658   | 47 658   | 47 658 | 52 658   | 42 658   | 55 296   | 604 480   | 652 692   | 698 428   |
| Surplus/(Deficit) before assoc.            |   | 15 833 | (34 178) | (12 376) | (13 778) | 32 890 | (23 376) | (18 878) | (18 878) | 33 335 | (25 878) | (15 878) | (24 464) | (105 623) | (112 052) | (118 455) |
| Share of surplus/ (deficit) of associate   |   |        |          |          |          |        |          |          |          |        |          |          | -        | -         | -         | -         |
| Surplus/(Deficit)                          | 1 | 15 833 | (34 178) | (12 376) | (13 778) | 32 890 | (23 376) | (18 878) | (18 878) | 33 335 | (25 878) | (15 878) | (24 464) | (105 623) | (112 052) | (118 455) |



Table 51 KZN263 SA28 - Budgeted monthly Capital Expenditure (Municipal Vote)

| Description<br><br>R thousand                     | Re<br>f | Budget Year 2017/18 |        |       |         |        |       |         |       |        |       |     |       | Medium Term Revenue and<br>Expenditure Framework |                              |                              |
|---|---------|---------------------|--------|-------|---------|--------|-------|---------|-------|--------|-------|-----|-------|--|------------------------------|------------------------------|
|   |         | July                | August | Sept. | October | Nov.   | Dec.  | January | Feb.  | March  | April | May | June  | Budget<br>Year<br>2017/18                        | Budget<br>Year +1<br>2018/19 | Budget<br>Year +2<br>2019/20 |
| <u>Multi-year expenditure to be appropriated</u>  | 1       |                     |        |       |         |        |       |         |       |        |       |     |       |  |                              |                              |
| Vote 1 - Executive & Council                      |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 2 - Finance                                  |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 3 - Administration                           |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 4 - Community & Social Services              |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 5 - Road Transport                           |         | 12 580              | -      | -     | -       | 12 580 | -     | -       | -     | 12 580 | -     | -   | -     | 37 740   | 39 769                       | 41 911                       |
| Vote 6 - Energy Sources                           |         | -                   | -      | 3 000 | 2 000   | 2 000  | 2 000 | 2 000   | 2 000 | 2 000  | -     | -   | -     | 15 000   | 15 000                       | 15 000                       |
| Vote 7 - Housing                                  |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 8 - Internal Audit                           |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 9 - Other                                    |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 10 - Planning & Development                  |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 11 - Public Safety                           |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 12 - Waste Management                        |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 13 - Waste Water Management                  |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 14 - Water Management                        |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 15 -   |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Capital multi-year expenditure sub-total          | 2       | 12 580              | -      | 3 000 | 2 000   | 14 580 | 2 000 | 2 000   | 2 000 | 14 580 | -     | -   | -     | 52 740   | 54 769                       | 56 911                       |
| <u>Single-year expenditure to be appropriated</u> |         |                     |        |       |         |        |       |         |       |        |       |     |       |  |                              |                              |
| Vote 1 - Executive & Council                      |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 2 - Finance                                  |         | -                   | -      | -     | -       | -      | -     | 200     | -     | -      | -     | -   | -     | 200  | 212                          | 224                          |
| Vote 3 - Administration                           |         | -                   | -      | -     | -       | 200    | -     | 120     | 120   | 50     | 70    | -   | 70    | 630  | 667                          | 707                          |
| Vote 4 - Community & Social Services              |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | 1 195 | 1 195  | 1 207                        | 1 278                        |
| Vote 5 - Road Transport                           |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | 300   | 300  | 318                          | 336                          |
| Vote 6 - Energy Sources                           |         | -                   | -      | -     | -       | 1 000  | 500   | 500     | 1 000 | 500    | 750   | -   | 750   | 5 000  | 5 295                        | 5 607                        |
| Vote 7 - Housing                                  |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 8 - Internal Audit                           |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -   | -     | -  | -                            | -                            |
| Vote 9 - Other                                    |         | -                   | -      | -     | -       | -      | -     | -       | -     | 7      | -     | -   | -     | 7  | 7                            | 8                            |

|   |   |        |   |       |       |        |       |       |       |        |     |    |       |        |        |        |
|---|---|--------|---|-------|-------|--------|-------|-------|-------|--------|-----|----|-------|--------|--------|--------|
| Vote 10 - Planning & Development          |   | -      | - | -     | -     | -      | 10    | -     | 5     | -      | -   | 10 | -     | 25     | 26     | 28     |
| Vote 11 - Public Safety                   |   | -      | - | -     | -     | -      | -     | -     | -     | -      | -   | -  | -     | -      | -      | -      |
| Vote 12 - Waste Management                |   | -      | - | -     | -     | -      | -     | 15    | -     | -      | 10  | -  | 10    | 35     | 37     | 39     |
| Vote 13 - Waste Water Management          |   | -      | - | -     | -     | 100    | 100   | 100   | 100   | 100    | -   | -  | 50    | 550    | 582    | 617    |
| Vote 14 - Water Management                |   | -      | - | -     | -     | 100    | 100   | 100   | 100   | 100    | -   | -  | 5     | 505    | 535    | 566    |
| Vote 15 -                                 |   | -      | - | -     | -     | -      | -     | -     | -     | -      | -   | -  | -     | -      | -      | -      |
| Capital single-year expenditure sub-total | 2 | -      | - | -     | -     | 1 400  | 710   | 1 035 | 1 325 | 757    | 830 | 10 | 2 380 | 8 447  | 8 886  | 9 411  |
| Total Capital Expenditure                 | 2 | 12 580 | - | 3 000 | 2 000 | 15 980 | 2 710 | 3 035 | 3 325 | 15 337 | 830 | 10 | 2 380 | 61 187 | 63 655 | 66 322 |

Table 52 KZN263 SA29 - Budgeted monthly Capital Expenditure (Standard Classification)

| Description<br><br>R thousand                 | Re<br>f | Budget Year 2017/18 |        |       |         |        |       |         |       |        |       |       |       | Medium Term Revenue and<br>Expenditure Framework |                              |                              |
|---|---------|---------------------|--------|-------|---------|--------|-------|---------|-------|--------|-------|-------|-------|--|------------------------------|------------------------------|
|   |         | July                | August | Sept. | October | Nov.   | Dec.  | January | Feb.  | March  | April | May   | June  | Budget<br>Year<br>2017/18                        | Budget<br>Year +1<br>2018/19 | Budget<br>Year +2<br>2019/20 |
| <b>Capital Expenditure - Functional</b>       | 1       |                     |        |       |         |        |       |         |       |        |       |       |       |  |                              |                              |
| <i>Governance and administration</i>          |         | -                   | -      | -     | -       | 200    | -     | 320     | 120   | 50     | 70    | -     | 60    | 820  | 868                          | 920                          |
| Executive and council                         |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| Finance and administration                    |         | -                   | -      | -     | -       | 200    | -     | 320     | 120   | 50     | 70    | -     | 60    | 820  | 868                          | 920                          |
| Internal audit                                |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| <i>Community and public safety</i>            |         | -                   | -      | -     | -       | 50     | 1 100 | -       | -     | -      | -     | -     | 145   | 1 295  | 1 312                        | 1 390                        |
| Community and social services                 |         | -                   | -      | -     | -       | -      | 1 100 | -       | -     | -      | -     | -     | 95    | 1 195  | 1 207                        | 1 278                        |
| Sport and recreation                          |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| Public safety                                 |         | -                   | -      | -     | -       | 50     | -     | -       | -     | -      | -     | -     | 50    | 100  | 106                          | 112                          |
| Housing                                       |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| Health  |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| <i>Economic and environmental services</i>    |         | 3 163               | 3 163  | 3 163 | 3 163   | 3 163  | 3 173 | 3 163   | 3 168 | 3 163  | 3 163 | 3 173 | 3 163 | 37 975   | 40 018                       | 42 175                       |
| Planning and development                      |         | -                   | -      | -     | -       | -      | 10    | -       | 5     | -      | -     | 10    | -     | 25   | 26                           | 28                           |
| Road transport                                |         | 3 163               | 3 163  | 3 163 | 3 163   | 3 163  | 3 163 | 3 163   | 3 163 | 3 163  | 3 163 | 3 163 | 3 163 | 37 950   | 39 991                       | 42 147                       |
| Environmental protection                      |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| <i>Trading services</i>                       |         | 1 667               | 1 667  | 1 667 | 1 667   | 1 867  | 1 867 | 1 882   | 1 867 | 1 867  | 1 677 | 1 667 | 1 732 | 21 090   | 21 449                       | 21 830                       |
| Energy sources                                |         | 1 667               | 1 667  | 1 667 | 1 667   | 1 667  | 1 667 | 1 667   | 1 667 | 1 667  | 1 667 | 1 667 | 1 667 | 20 000   | 20 295                       | 20 607                       |
| Water management                              |         | -                   | -      | -     | -       | 100    | 100   | 100     | 100   | 100    | -     | -     | 5     | 505  | 535                          | 566                          |
| Waste water management                        |         | -                   | -      | -     | -       | 100    | 100   | 100     | 100   | 100    | -     | -     | 50    | 550  | 582                          | 617                          |
| Waste management                              |         | -                   | -      | -     | -       | -      | -     | 15      | -     | -      | 10    | -     | 10    | 35   | 37                           | 39                           |
| <i>Other</i>                                  |         | -                   | -      | -     | -       | -      | -     | -       | -     | 7      | -     | -     | -     | 7  | 7                            | 8                            |
| <b>Total Capital Expenditure - Functional</b> | 2       | 4 829               | 4 829  | 4 829 | 4 829   | 5 279  | 6 139 | 5 364   | 5 154 | 5 086  | 4 909 | 4 839 | 5 099 | 61 187   | 63 655                       | 66 322                       |
| <b>Funded by:</b>                             |         |                     |        |       |         |        |       |         |       |        |       |       |       |  |                              |                              |
| National Government                           |         | 12 580              | -      | 3 000 | 2 000   | 14 580 | 2 000 | 2 000   | 2 000 | 14 580 | -     | -     | -     | 52 740   | 54 769                       | 56 911                       |
| Provincial Government                         |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| District Municipality                         |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| Other transfers and grants                    |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |
| Transfers recognised - capital                |         | 12 580              | -      | 3 000 | 2 000   | 14 580 | 2 000 | 2 000   | 2 000 | 14 580 | -     | -     | -     | 52 740   | 54 769                       | 56 911                       |
| Public contributions & donations              |         | -                   | -      | -     | -       | -      | -     | -       | -     | -      | -     | -     | -     | -  | -                            | -                            |

|                            |  |        |     |       |       |        |       |       |       |        |     |     |     |        |        |        |
|----------------------------|--|--------|-----|-------|-------|--------|-------|-------|-------|--------|-----|-----|-----|--------|--------|--------|
| Borrowing                  |  | -      | -   | -     | -     | -      | -     | -     | -     | -      | -   | -   | -   | -      | -      | -      |
| Internally generated funds |  | 704    | 704 | 704   | 704   | 704    | 704   | 704   | 704   | 704    | 704 | 704 | 704 | 8 447  | 8 886  | 9 411  |
| Total Capital Funding      |  | 13 284 | 704 | 3 704 | 2 704 | 15 284 | 2 704 | 2 704 | 2 704 | 15 284 | 704 | 704 | 704 | 61 187 | 63 655 | 66 322 |

Table 53 KZN263 SA30 - Budgeted Monthly Cash Flow

| MONTHLY CASH FLOWS   | Budget Year 2017/18 |               |               |               |               |               |               |               |               |               |               |               | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
|  | July                | August        | Sept.         | October       | November      | December      | January       | February      | March         | April         | May           | June          | Budget Year 2017/18                           | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>Cash Receipts By Source</b>   |                     |               |               |               |               |               |               |               |               |               |               |               | 1   |                        |                        |
| Property rates   | 5 417               | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 5 417         | 65 000  | 68 835                 | 72 896                 |
| Service charges - electricity revenue  | 14 711              | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 14 711        | 176 530                                       | 192 983                | 210 973                |
| Service charges - water revenue  | 1 581               | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 1 581         | 18 972  | 20 869                 | 22 956                 |
| Service charges - sanitation revenue   | 2 213               | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 2 213         | 26 550  | 29 205                 | 32 126                 |
| Service charges - refuse revenue   | 1 690               | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 1 690         | 20 284  | 22 313                 | 24 544                 |
| Service charges - other  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Rental of facilities and equipment   | 95                  | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 95            | 1 145   | 1 214                  | 1 287                  |
| Interest earned - external investments   | 146                 | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 1 750   | 1 853                  | 1 963                  |
| Interest earned - outstanding debtors  | 251                 | 251           | 251           | 251           | 251           | 251           | 251           | 251           | 251           | 251           | 251           | 251           | 3 013   | 3 191                  | 3 379                  |
| Dividends received   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Fines, penalties and forfeits  | 168                 | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 168           | 2 010   | 2 129                  | 2 254                  |
| Licences and permits   | 370                 | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 370           | 4 443   | 4 705                  | 4 982                  |
| Agency services  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Transfer receipts - operational  | 39 131              | 1 700         | -             | -             | 39 131        | -             | 5 557         | -             | 39 131        | -             | -             | -             | 124 650                                       | 133 567                | 141 547                |
| Other revenue  | 3 293               | 3 293         | 3 293         | 3 293         | 3 293         | 3 293         | 3 293         | 3 293         | 3 293         | 3 293         | 3 293         | 3 293         | 39 511  | 44 777                 | 46 066                 |
| <b>Cash Receipts by Source</b>   | <b>69 065</b>       | <b>31 634</b> | <b>29 934</b> | <b>29 934</b> | <b>69 065</b> | <b>29 934</b> | <b>35 491</b> | <b>29 934</b> | <b>69 065</b> | <b>29 934</b> | <b>29 934</b> | <b>29 934</b> | <b>483 858</b>                                | <b>525 640</b>         | <b>564 973</b>         |
| <b>Other Cash Flows by Source</b>  |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |
| Transfer receipts - capital  | 12 580              |               | 3 000         | 2 000         | 14 580        | 2 000         | 2 000         | 2 000         | 14 580        | -             | -             | -             | 52 740  | 54 769                 | 56 911                 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all) | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Proceeds on disposal of PPE  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Short term loans   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Borrowing long term/refinancing  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Increase (decrease) in consumer deposits   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |

|   |               |                 |                |                |               |                 |                |                |               |                 |                 |                 |                |                |                |
|---|---------------|-----------------|----------------|----------------|---------------|-----------------|----------------|----------------|---------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|
| Decrease (Increase) in non-current debtors        | -             | -               | -              | -              | -             | -               | -              | -              | -             | -               | -               | -               | -              | -              | -              |
| Decrease (increase) other non-current receivables | -             | -               | -              | -              | -             | -               | -              | -              | -             | -               | -               | -               | -              | -              | -              |
| Decrease (increase) in non-current investments    | 8 844         | 8 844           | 8 844          | 8 844          | 8 844         | 8 844           | 8 844          | 8 844          | 8 844         | 8 844           | 8 844           | 8 844           | 106 133        | 112 395        | 119 026        |
| <b>Total Cash Receipts by Source</b>              | <b>90 489</b> | <b>40 478</b>   | <b>41 778</b>  | <b>40 778</b>  | <b>92 489</b> | <b>40 778</b>   | <b>46 335</b>  | <b>40 778</b>  | <b>92 489</b> | <b>38 778</b>   | <b>38 778</b>   | <b>38 778</b>   | <b>642 731</b> | <b>692 804</b> | <b>740 910</b> |
| <b>Cash Payments by Type</b>                      |               |                 |                |                |               |                 |                |                |               |                 |                 |                 |                |                |                |
| Employee related costs                            | 10 748        | 10 748          | 12 481         | 10 748         | 16 867        | 12 481          | 10 748         | 10 748         | 12 481        | 10 748          | 10 748          | 5 546           | 135 089        | 145 029        | 154 906        |
| Remuneration of councillors                       | 1 471         | 1 471           | 1 471          | 1 471          | 1 471         | 1 471           | 1 471          | 1 471          | 1 471         | 1 471           | 1 471           | 1 471           | 17 650         | 18 868         | 20 170         |
| Finance charges                                   | -             | -               | -              | -              | -             | -               | -              | -              | -             | -               | -               | 620             | 620            | 657            | 695            |
| Bulk purchases - Electricity                      | 21 667        | 21 667          | 9 853          | 9 853          | 9 853         | 9 853           | 9 853          | 9 853          | 9 853         | 9 853           | 9 853           | 21 667          | 153 680        | 171 012        | 190 074        |
| Bulk purchases - Water & Sewer                    | -             | -               | -              | -              | -             | -               | -              | -              | -             | -               | -               | -               | -              | -              | -              |
| Other materials                                   | 1 505         | 1 505           | 1 505          | 1 505          | 1 505         | 1 505           | 1 505          | 1 505          | 1 505         | 1 505           | 1 505           | 1 505           | 18 062         | 19 127         | 20 256         |
| Contracted services                               | 7 668         | 7 668           | 7 668          | 7 668          | 7 668         | 7 668           | 7 668          | 7 668          | 7 668         | 7 668           | 7 668           | 7 668           | 92 020         | 97 920         | 102 826        |
| Transfers and grants - other municipalities       | -             | -               | -              | -              | -             | -               | -              | -              | -             | -               | -               | -               | -              | -              | -              |
| Transfers and grants - other                      | 1 513         | 1 513           | 1 513          | 1 513          | 1 513         | 1 513           | 1 513          | 1 513          | 1 513         | 1 513           | 1 513           | 1 513           | 18 151         | 19 222         | 20 356         |
| Other expenditure                                 | 11 725        | 11 725          | 11 725         | 11 725         | 11 725        | 11 725          | 11 725         | 11 725         | 11 725        | 11 725          | 11 725          | 11 725          | 140 694        | 148 750        | 157 267        |
| <b>Cash Payments by Type</b>                      | <b>56 296</b> | <b>56 296</b>   | <b>46 216</b>  | <b>44 482</b>  | <b>50 601</b> | <b>46 216</b>   | <b>44 482</b>  | <b>44 482</b>  | <b>46 216</b> | <b>44 482</b>   | <b>44 482</b>   | <b>51 714</b>   | <b>575 966</b> | <b>620 585</b> | <b>666 550</b> |
| <b>Other Cash Flows/Payments by Type</b>          |               |                 |                |                |               |                 |                |                |               |                 |                 |                 |                |                |                |
| Capital assets                                    | 5 099         | 5 099           | 5 099          | 5 099          | 5 099         | 5 099           | 5 099          | 5 099          | 5 099         | 5 099           | 5 099           | 5 099           | 61 187         | 63 655         | 66 322         |
| Repayment of borrowing                            | -             | -               | -              | -              | -             | -               | -              | -              | -             | -               | -               | -               | -              | -              | -              |
| Other Cash Flows/Payments                         | -             | -               | -              | -              | -             | -               | -              | -              | -             | -               | -               | -               | -              | -              | -              |
| <b>Total Cash Payments by Type</b>                | <b>61 395</b> | <b>61 395</b>   | <b>51 315</b>  | <b>49 581</b>  | <b>55 700</b> | <b>51 315</b>   | <b>49 581</b>  | <b>49 581</b>  | <b>51 315</b> | <b>49 581</b>   | <b>49 581</b>   | <b>56 813</b>   | <b>637 153</b> | <b>684 240</b> | <b>732 871</b> |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>       | <b>29 095</b> | <b>(20 916)</b> | <b>(9 536)</b> | <b>(8 803)</b> | <b>36 789</b> | <b>(10 536)</b> | <b>(3 246)</b> | <b>(8 803)</b> | <b>41 175</b> | <b>(10 803)</b> | <b>(10 803)</b> | <b>(18 035)</b> | <b>5 578</b>   | <b>8 564</b>   | <b>8 039</b>   |
| Cash/cash equivalents at the month/year begin:    | 11 931        | 41 026          | 20 110         | 10 573         | 1 771         | 38 560          | 28 023         | 24 778         | 15 975        | 57 150          | 46 347          | 35 544          | 11 931         | 17 509         | 26 073         |
| Cash/cash equivalents at the month/year end:      | 41 026        | 20 110          | 10 573         | 1 771          | 38 560        | 28 023          | 24 778         | 15 975         | 57 150        | 46 347          | 35 544          | 17 509          | 17 509         | 26 073         | 34 112         |

**Contracts having future budgetary implications**

*In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.*

**Capital expenditure details**

*The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.*

Table 54 KZN263 SA34a - Capital Expenditure on new Assets by Asset Class

| Description   | Ref      | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>R thousand</b>   | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Capital expenditure on new assets by Asset Class/Sub-class</b> |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| -   |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   |          | 11 085          | 55 070          | 64 987          | 67 553               | 49 533          | 45 128             | 58 995  | 61 393                 | 63 926                 |
| Roads Infrastructure  |          | 130             | 40 929          | 41 419          | 35 078               | 25 078          | 25 078             | 37 940  | 39 981                 | 42 135                 |
| Roads   |          | 130             | 40 929          | 41 419          | 35 078               | 25 078          | 25 078             | 37 940  | 39 981                 | 42 135                 |
| Road Structures   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Road Furniture  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Drainage Collection   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Conveyance  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Attenuation   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electrical Infrastructure   |          | 10 919          | 13 524          | 23 365          | 29 000               | 23 500          | 20 034             | 20 000  | 20 295                 | 20 607                 |
| Power Plants  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Substations  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Switching Station  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Transmission Conductors  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Substations  |          | -               | -               | -               | 5 500                | 1 500           | -                  | 2 000   | 2 118                  | 2 243                  |
| MV Switching Stations   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Networks   |          | 10 919          | 13 524          | 23 365          | 20 000               | 20 000          | 20 000             | 15 000  | 15 000                 | 15 000                 |
| LV Networks   |          | -               | -               | -               | 3 500                | 2 000           | 34                 | 3 000   | 3 177                  | 3 364                  |
| Capital Spares  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Supply Infrastructure                                       |          | 22              | -               | 192             | 1 823                | 505             | 16                 | 505   | 535                    | 566                    |
| Dams and Weirs  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Boreholes   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Reservoirs  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Pump Stations   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Treatment Works   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Bulk Mains  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Distribution  |          | 22              | -               | 192             | 1 823                | 505             | 16                 | 505   | 535                    | 566                    |
| Distribution Points   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| PRV Stations  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |



|   |    |     |    |       |     |   |     |     |     |
|---|----|-----|----|-------|-----|---|-----|-----|-----|
| <i>Capital Spares</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <b>Sanitation Infrastructure</b>                    | 14 | 591 | 12 | 1 652 | 450 | - | 550 | 582 | 617 |
| <i>Pump Station</i>                                 | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Reticulation</i>                                 | 14 | 591 | 12 | 1 652 | 450 | - | 550 | 582 | 617 |
| <i>Waste Water Treatment Works</i>                  | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Outfall Sewers</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Toilet Facilities</i>                            | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Capital Spares</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <b>Solid Waste Infrastructure</b>                   | -  | 26  | -  | -     | -   | - | -   | -   | -   |
| <i>Landfill Sites</i>                               | -  | 26  | -  | -     | -   | - | -   | -   | -   |
| <i>Waste Transfer Stations</i>                      | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Waste Processing Facilities</i>                  | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Waste Drop-off Points</i>                        | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Waste Separation Facilities</i>                  | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Electricity Generation Facilities</i>            | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Capital Spares</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <b>Rail Infrastructure</b>                          | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Rail Lines</i>                                   | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Rail Structures</i>                              | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Rail Furniture</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Drainage Collection</i>                          | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Storm water Conveyance</i>                       | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Attenuation</i>                                  | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>MV Substations</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>LV Networks</i>                                  | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Capital Spares</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <b>Coastal Infrastructure</b>                       | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Sand Pumps</i>                                   | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Piers</i>  | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Revetments</i>                                   | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Promenades</i>                                   | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Capital Spares</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <b>Information and Communication Infrastructure</b> | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Data Centres</i>                                 | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Core Layers</i>                                  | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Distribution Layers</i>                          | -  | -   | -  | -     | -   | - | -   | -   | -   |
| <i>Capital Spares</i>                               | -  | -   | -  | -     | -   | - | -   | -   | -   |

|                                 |     |    |    |   |   |   |       |       |       |
|---------------------------------|-----|----|----|---|---|---|-------|-------|-------|
| <b>Community Assets</b>         | 151 | 65 | 44 | - | - | - | 1 195 | 1 207 | 1 278 |
| Community Facilities            | 151 | 65 | 44 | - | - | - | 1 195 | 1 207 | 1 278 |
| Halls                           | 67  | 65 | 19 | - | - | - | 20    | 21    | 22    |
| Centres                         | -   | -  | -  | - | - | - | -     | -     | -     |
| Crèches                         | -   | -  | -  | - | - | - | -     | -     | -     |
| Clinics/Care Centres            | -   | -  | -  | - | - | - | -     | -     | -     |
| Fire/Ambulance Stations         | -   | -  | -  | - | - | - | -     | -     | -     |
| Testing Stations                | 30  | -  | 24 | - | - | - | -     | -     | -     |
| Museums                         | -   | -  | -  | - | - | - | -     | -     | -     |
| Galleries                       | -   | -  | -  | - | - | - | -     | -     | -     |
| Theatres                        | -   | -  | -  | - | - | - | -     | -     | -     |
| Libraries                       | -   | -  | 1  | - | - | - | 75    | 79    | 84    |
| Cemeteries/Crematoria           | -   | -  | -  | - | - | - | 1 100 | 1 106 | 1 171 |
| Police                          | -   | -  | -  | - | - | - | -     | -     | -     |
| Purfs                           | -   | -  | -  | - | - | - | -     | -     | -     |
| Public Open Space               | 54  | -  | -  | - | - | - | -     | -     | -     |
| Nature Reserves                 | -   | -  | -  | - | - | - | -     | -     | -     |
| Public Ablution Facilities      | -   | -  | -  | - | - | - | -     | -     | -     |
| Markets                         | -   | -  | -  | - | - | - | -     | -     | -     |
| Stalls                          | -   | -  | -  | - | - | - | -     | -     | -     |
| Abattoirs                       | -   | -  | -  | - | - | - | -     | -     | -     |
| Airports                        | -   | -  | -  | - | - | - | -     | -     | -     |
| Taxi Ranks/Bus Terminals        | -   | -  | -  | - | - | - | -     | -     | -     |
| Capital Spares                  | -   | -  | -  | - | - | - | -     | -     | -     |
| Sport and Recreation Facilities | -   | -  | -  | - | - | - | -     | -     | -     |
| Indoor Facilities               | -   | -  | -  | - | - | - | -     | -     | -     |
| Outdoor Facilities              | -   | -  | -  | - | - | - | -     | -     | -     |
| Capital Spares                  | -   | -  | -  | - | - | - | -     | -     | -     |
| <b>Heritage assets</b>          | -   | -  | -  | - | - | - | -     | -     | -     |
| Monuments                       | -   | -  | -  | - | - | - | -     | -     | -     |
| Historic Buildings              | -   | -  | -  | - | - | - | -     | -     | -     |
| Works of Art                    | -   | -  | -  | - | - | - | -     | -     | -     |
| Conservation Areas              | -   | -  | -  | - | - | - | -     | -     | -     |
| Other Heritage                  | -   | -  | -  | - | - | - | -     | -     | -     |
| <b>Investment properties</b>    | -   | -  | -  | - | - | - | -     | -     | -     |
| Revenue Generating              | -   | -  | -  | - | - | - | -     | -     | -     |

|  |    |     |     |     |     |     |     |     |     |
|--|----|-----|-----|-----|-----|-----|-----|-----|-----|
| Improved Property                      | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Unimproved Property                    | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Non-revenue Generating                 | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Improved Property                      | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Unimproved Property                    | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| <b>Other assets</b>                    | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Operational Buildings                  | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Municipal Offices                      | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Pay/Enquiry Points                     | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Building Plan Offices                  | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Workshops                              | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Yards                                  | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Stores                                 | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Laboratories                           | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Training Centres                       | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Manufacturing Plant                    | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Depots                                 | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Capital Spares                         | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Housing                                | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Staff Housing                          | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Social Housing                         | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Capital Spares                         | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| <b>Biological or Cultivated Assets</b> | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Biological or Cultivated Assets        | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| <b>Intangible Assets</b>               | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Servitudes                             | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Licences and Rights                    | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Water Rights                           | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Effluent Licenses                      | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Solid Waste Licenses                   | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Computer Software and Applications     | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Load Settlement Software Applications  | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| Unspecified                            | -  | -   | -   | -   | -   | -   | -   | -   | -   |
| <b>Computer Equipment</b>              | 85 | 234 | 128 | 746 | 600 | 211 | 600 | 635 | 673 |
| Computer Equipment                     | 85 | 234 | 128 | 746 | 600 | 211 | 600 | 635 | 673 |

|   |   |        |        |        |        |        |        |        |        |        |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>Furniture and Office Equipment</u>           |   | 255    | 154    | 199    | 2 318  | 1 808  | 29     | 397    | 420    | 446    |
| Furniture and Office Equipment                  |   | 255    | 154    | 199    | 2 318  | 1 808  | 29     | 397    | 420    | 446    |
| <u>Machinery and Equipment</u>                  |   | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Machinery and Equipment                         |   | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| <u>Transport Assets</u>                         |   | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Transport Assets                                |   | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| <u>Libraries</u>                                |   | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Libraries                                       |   | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| <u>Zoo's, Marine and Non-biological Animals</u> |   | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Zoo's, Marine and Non-biological Animals        |   | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Total Capital Expenditure on new assets         | 1 | 11 576 | 55 523 | 65 359 | 70 617 | 51 941 | 45 368 | 61 187 | 63 655 | 66 322 |

**Table 55 KZN263 SA34b - Capital Expenditure on the Renewal of existing Assets by Asset Class**

| Description   | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand  | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u> |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| -   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Infrastructure</u>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Roads Infrastructure  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Roads</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Road Structures</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Road Furniture</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Capital Spares</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Drainage Collection</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Storm water Conveyance</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Attenuation</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electrical Infrastructure   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Power Plants</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>HV Substations</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>HV Switching Station</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>HV Transmission Conductors</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>MV Substations</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>MV Switching Stations</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>MV Networks</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>LV Networks</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Capital Spares</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Supply Infrastructure   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Dams and Weirs</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Boreholes</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Reservoirs</i>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Pump Stations</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Water Treatment Works</i>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

|                                   |   |   |   |   |   |   |   |   |   |
|-----------------------------------|---|---|---|---|---|---|---|---|---|
| Bulk Mains                        | - | - | - | - | - | - | - | - | - |
| Distribution                      | - | - | - | - | - | - | - | - | - |
| Distribution Points               | - | - | - | - | - | - | - | - | - |
| PRV Stations                      | - | - | - | - | - | - | - | - | - |
| Capital Spares                    | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure         | - | - | - | - | - | - | - | - | - |
| Pump Station                      | - | - | - | - | - | - | - | - | - |
| Reticulation                      | - | - | - | - | - | - | - | - | - |
| Waste Water Treatment Works       | - | - | - | - | - | - | - | - | - |
| Outfall Sewers                    | - | - | - | - | - | - | - | - | - |
| Toilet Facilities                 | - | - | - | - | - | - | - | - | - |
| Capital Spares                    | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure        | - | - | - | - | - | - | - | - | - |
| Landfill Sites                    | - | - | - | - | - | - | - | - | - |
| Waste Transfer Stations           | - | - | - | - | - | - | - | - | - |
| Waste Processing Facilities       | - | - | - | - | - | - | - | - | - |
| Waste Drop-off Points             | - | - | - | - | - | - | - | - | - |
| Waste Separation Facilities       | - | - | - | - | - | - | - | - | - |
| Electricity Generation Facilities | - | - | - | - | - | - | - | - | - |
| Capital Spares                    | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure               | - | - | - | - | - | - | - | - | - |
| Rail Lines                        | - | - | - | - | - | - | - | - | - |
| Rail Structures                   | - | - | - | - | - | - | - | - | - |
| Rail Furniture                    | - | - | - | - | - | - | - | - | - |
| Drainage Collection               | - | - | - | - | - | - | - | - | - |
| Storm water Conveyance            | - | - | - | - | - | - | - | - | - |
| Attenuation                       | - | - | - | - | - | - | - | - | - |
| MV Substations                    | - | - | - | - | - | - | - | - | - |
| LV Networks                       | - | - | - | - | - | - | - | - | - |
| Capital Spares                    | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure            | - | - | - | - | - | - | - | - | - |
| Sand Pumps                        | - | - | - | - | - | - | - | - | - |
| Piers                             | - | - | - | - | - | - | - | - | - |
| Revetments                        | - | - | - | - | - | - | - | - | - |
| Promenades                        | - | - | - | - | - | - | - | - | - |
| Capital Spares                    | - | - | - | - | - | - | - | - | - |

|  |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|
| Information and Communication Infrastructure | - | - | - | - | - | - | - | - | - |
| Data Centres                                 | - | - | - | - | - | - | - | - | - |
| Core Layers                                  | - | - | - | - | - | - | - | - | - |
| Distribution Layers                          | - | - | - | - | - | - | - | - | - |
| Capital Spares                               | - | - | - | - | - | - | - | - | - |
| <b>Community Assets</b>                      | - | - | - | - | - | - | - | - | - |
| Community Facilities                         | - | - | - | - | - | - | - | - | - |
| Halls  | - | - | - | - | - | - | - | - | - |
| Centres                                      | - | - | - | - | - | - | - | - | - |
| Crèches                                      | - | - | - | - | - | - | - | - | - |
| Clinics/Care Centres                         | - | - | - | - | - | - | - | - | - |
| Fire/Ambulance Stations                      | - | - | - | - | - | - | - | - | - |
| Testing Stations                             | - | - | - | - | - | - | - | - | - |
| Museums                                      | - | - | - | - | - | - | - | - | - |
| Galleries                                    | - | - | - | - | - | - | - | - | - |
| Theatres                                     | - | - | - | - | - | - | - | - | - |
| Libraries                                    | - | - | - | - | - | - | - | - | - |
| Cemeteries/Crematoria                        | - | - | - | - | - | - | - | - | - |
| Police                                       | - | - | - | - | - | - | - | - | - |
| Parks  | - | - | - | - | - | - | - | - | - |
| Public Open Space                            | - | - | - | - | - | - | - | - | - |
| Nature Reserves                              | - | - | - | - | - | - | - | - | - |
| Public Ablution Facilities                   | - | - | - | - | - | - | - | - | - |
| Markets                                      | - | - | - | - | - | - | - | - | - |
| Stalls                                       | - | - | - | - | - | - | - | - | - |
| Abattoirs                                    | - | - | - | - | - | - | - | - | - |
| Airports                                     | - | - | - | - | - | - | - | - | - |
| Taxi Ranks/Bus Terminals                     | - | - | - | - | - | - | - | - | - |
| Capital Spares                               | - | - | - | - | - | - | - | - | - |
| <b>Sport and Recreation Facilities</b>       | - | - | - | - | - | - | - | - | - |
| Indoor Facilities                            | - | - | - | - | - | - | - | - | - |
| Outdoor Facilities                           | - | - | - | - | - | - | - | - | - |
| Capital Spares                               | - | - | - | - | - | - | - | - | - |
| <b>Heritage assets</b>                       | - | - | - | - | - | - | - | - | - |
| Monuments                                    | - | - | - | - | - | - | - | - | - |
| Historic Buildings                           | - | - | - | - | - | - | - | - | - |
| Works of Art                                 | - | - | - | - | - | - | - | - | - |
| Conservation Areas                           | - | - | - | - | - | - | - | - | - |

|  |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|
| Other Heritage                         | - | - | - | - | - | - | - | - | - |
| <b>Investment properties</b>           | - | - | - | - | - | - | - | - | - |
| Revenue Generating                     | - | - | - | - | - | - | - | - | - |
| Improved Property                      | - | - | - | - | - | - | - | - | - |
| Unimproved Property                    | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating                 | - | - | - | - | - | - | - | - | - |
| Improved Property                      | - | - | - | - | - | - | - | - | - |
| Unimproved Property                    | - | - | - | - | - | - | - | - | - |
| <b>Other assets</b>                    | - | - | - | - | - | - | - | - | - |
| Operational Buildings                  | - | - | - | - | - | - | - | - | - |
| Municipal Offices                      | - | - | - | - | - | - | - | - | - |
| Pay/Enquiry Points                     | - | - | - | - | - | - | - | - | - |
| Building Plan Offices                  | - | - | - | - | - | - | - | - | - |
| Workshops                              | - | - | - | - | - | - | - | - | - |
| Yards                                  | - | - | - | - | - | - | - | - | - |
| Stores                                 | - | - | - | - | - | - | - | - | - |
| Laboratories                           | - | - | - | - | - | - | - | - | - |
| Training Centres                       | - | - | - | - | - | - | - | - | - |
| Manufacturing Plant                    | - | - | - | - | - | - | - | - | - |
| Depots                                 | - | - | - | - | - | - | - | - | - |
| Capital Spares                         | - | - | - | - | - | - | - | - | - |
| Housing                                | - | - | - | - | - | - | - | - | - |
| Staff Housing                          | - | - | - | - | - | - | - | - | - |
| Social Housing                         | - | - | - | - | - | - | - | - | - |
| Capital Spares                         | - | - | - | - | - | - | - | - | - |
| <b>Biological or Cultivated Assets</b> | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets        | - | - | - | - | - | - | - | - | - |
| <b>Intangible Assets</b>               | - | - | - | - | - | - | - | - | - |
| Servitudes                             | - | - | - | - | - | - | - | - | - |
| Licences and Rights                    | - | - | - | - | - | - | - | - | - |
| Water Rights                           | - | - | - | - | - | - | - | - | - |
| Effluent Licenses                      | - | - | - | - | - | - | - | - | - |
| Solid Waste Licenses                   | - | - | - | - | - | - | - | - | - |



|  |          |      |      |      |      |      |      |      |      |      |
|--|----------|------|------|------|------|------|------|------|------|------|
| <i>Computer Software and Applications</i>                      |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <i>Load Settlement Software Applications</i>                   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <i>Unspecified</i>   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b><u>Computer Equipment</u></b>                               |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Computer Equipment   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b><u>Furniture and Office Equipment</u></b>                   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Furniture and Office Equipment                                 |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b><u>Machinery and Equipment</u></b>                          |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Machinery and Equipment  |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b><u>Transport Assets</u></b>                                 |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Transport Assets   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b><u>Libraries</u></b>  |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Libraries  |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b><u>Zoo's, Marine and Non-biological Animals</u></b>         |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Zoo's, Marine and Non-biological Animals                       |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b>Total Capital Expenditure on renewal of existing assets</b> | <b>1</b> | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <i>Renewal of Existing Assets as % of total capex</i>          |          | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| <i>Renewal of Existing Assets as % of deprecn"</i>             |          | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

**Table 56 KZN263 SA34c - Repairs and Maintenance Expenditure by Asset Class****KZN263 Abaqulusi - Supporting Table SA34c Repairs and maintenance expenditure by asset class**

| Description   | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand  | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Repairs and maintenance expenditure by Asset Class/Sub-class</b> |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| -   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   |     | 11 006          | 13 649          | 17 675          | 26 871               | 19 993          | 17 111             | 15 634  | 16 561                 | 17 533                 |
| Roads Infrastructure  |     | 4 792           | 5 921           | 8 698           | 13 622               | 10 918          | 11 236             | 5 828   | 6 171                  | 6 535                  |
| Roads   |     | 4 792           | 5 921           | 8 698           | 13 622               | 10 918          | 11 236             | 5 828   | 6 171                  | 6 535                  |
| Road Structures   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Road Furniture  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Drainage Collection   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Conveyance  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Attenuation   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electrical Infrastructure   |     | 2 177           | 2 435           | 4 675           | 6 649                | 5 535           | 2 685              | 6 166   | 6 535                  | 6 915                  |
| Power Plants  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Substations  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Switching Station  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Transmission Conductors  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Substations  |     | 1 592           | 1 549           | 3 677           | 5 583                | 4 335           | 1 945              | 4 966   | 5 264                  | 5 569                  |
| MV Switching Stations   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Networks   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| LV Networks   |     | 585             | 886             | 999             | 1 066                | 1 200           | 741                | 1 200   | 1 271                  | 1 346                  |
| Capital Spares  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Supply Infrastructure   |     | 3 019           | 3 311           | 2 614           | 4 376                | 2 413           | 1 824              | 1 933   | 2 047                  | 2 167                  |
| Dams and Weirs  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Boreholes   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Reservoirs  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Pump Stations   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Treatment Works   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Bulk Mains  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Distribution  |     | 3 019           | 3 311           | 2 614           | 4 376                | 2 413           | 1 824              | 1 933   | 2 047                  | 2 167                  |
| Distribution Points   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

|  |     |       |       |       |       |       |       |       |       |
|--|-----|-------|-------|-------|-------|-------|-------|-------|-------|
| PRV Stations                                 | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Capital Spares                               | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Sanitation Infrastructure                    | 997 | 1 982 | 1 590 | 2 010 | 1 008 | 1 366 | 1 508 | 1 596 | 1 691 |
| Pump Station                                 | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Reticulation                                 | 997 | 1 982 | 1 590 | 2 010 | 1 008 | 1 366 | 1 508 | 1 596 | 1 691 |
| Waste Water Treatment Works                  | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Outfall Sewers                               | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Toilet Facilities                            | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Capital Spares                               | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Solid Waste Infrastructure                   | 21  | -     | 99    | 213   | 120   | -     | 200   | 212   | 224   |
| Landfill Sites                               | 21  | -     | 99    | 213   | 120   | -     | 200   | 212   | 224   |
| Waste Transfer Stations                      | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Waste Processing Facilities                  | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Waste Drop-off Points                        | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Waste Separation Facilities                  | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Electricity Generation Facilities            | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Capital Spares                               | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Rail Infrastructure                          | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Rail Lines                                   | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Rail Structures                              | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Rail Furniture                               | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Drainage Collection                          | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Storm water Conveyance                       | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Attenuation                                  | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| MV Substations                               | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| LV Networks                                  | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Capital Spares                               | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Coastal Infrastructure                       | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Sand Pumps                                   | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Piers  | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Revetments                                   | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Promenades                                   | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Capital Spares                               | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Information and Communication Infrastructure | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Data Centres                                 | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Core Layers                                  | -   | -     | -     | -     | -     | -     | -     | -     | -     |
| Distribution Layers                          | -   | -     | -     | -     | -     | -     | -     | -     | -     |

|  |     |     |     |       |     |     |       |       |       |
|--|-----|-----|-----|-------|-----|-----|-------|-------|-------|
| <i>Capital Spares</i>                  | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <b>Community Assets</b>                | 838 | 769 | 383 | 1 236 | 645 | 448 | 1 135 | 1 202 | 1 273 |
| <i>Community Facilities</i>            | 838 | 769 | 383 | 1 236 | 645 | 448 | 1 135 | 1 202 | 1 273 |
| <i>Halls</i>                           | 63  | 93  | 102 | 250   | 100 | 101 | 100   | 106   | 112   |
| <i>Centres</i>                         | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Crèches</i>                         | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Clinics/Care Centres</i>            | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Fire/Ambulance Stations</i>         | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Testing Stations</i>                | 345 | 313 | 101 | 501   | 265 | 240 | 405   | 429   | 454   |
| <i>Museums</i>                         | 30  | 29  | 30  | 120   | 120 | 9   | 120   | 127   | 135   |
| <i>Galleries</i>                       | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Theatres</i>                        | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Libraries</i>                       | 190 | 39  | 150 | 350   | 150 | 99  | 500   | 530   | 561   |
| <i>Cemeteries/Crematoria</i>           | 43  | 3   | 1   | 15    | 10  | -   | 10    | 11    | 11    |
| <i>Police</i>                          | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Purls</i>                           | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Public Open Space</i>               | 166 | 291 | -   | -     | -   | -   | -     | -     | -     |
| <i>Nature Reserves</i>                 | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Public Ablution Facilities</i>      | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Markets</i>                         | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Stalls</i>                          | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Abattoirs</i>                       | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Airports</i>                        | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Taxi Ranks/Bus Terminals</i>        | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Capital Spares</i>                  | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <b>Sport and Recreation Facilities</b> | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Indoor Facilities</i>               | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Outdoor Facilities</i>              | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Capital Spares</i>                  | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <b>Heritage assets</b>                 | 1   | 1   | 1   | 1     | 1   | 1   | 1     | 1     | 1     |
| <i>Monuments</i>                       | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Historic Buildings</i>              | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Works of Art</i>                    | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Conservation Areas</i>              | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <i>Other Heritage</i>                  | -   | -   | -   | -     | -   | -   | -     | -     | -     |

|  |     |     |     |       |     |     |       |       |       |
|--|-----|-----|-----|-------|-----|-----|-------|-------|-------|
| <b>Investment properties</b>           | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Revenue Generating                     | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Improved Property                      | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Unimproved Property                    | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Non-revenue Generating                 | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Improved Property                      | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Unimproved Property                    | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <b>Other assets</b>                    | 362 | 469 | 600 | 1 200 | 900 | 618 | 1 000 | 1 059 | 1 121 |
| Operational Buildings                  | 362 | 469 | 600 | 1 200 | 900 | 618 | 1 000 | 1 059 | 1 121 |
| Municipal Offices                      | 362 | 469 | 600 | 1 200 | 900 | 618 | 1 000 | 1 059 | 1 121 |
| Pay/Enquiry Points                     | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Building Plan Offices                  | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Workshops                              | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Yards                                  | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Stores                                 | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Laboratories                           | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Training Centres                       | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Manufacturing Plant                    | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Depots                                 | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Capital Spares                         | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Housing                                | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Staff Housing                          | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Social Housing                         | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Capital Spares                         | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <b>Biological or Cultivated Assets</b> | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Biological or Cultivated Assets        | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| <b>Intangible Assets</b>               | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Servitudes                             | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Licences and Rights                    | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Water Rights                           | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Effluent Licenses                      | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Solid Waste Licenses                   | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Computer Software and Applications     | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Load Settlement Software Applications  | -   | -   | -   | -     | -   | -   | -     | -     | -     |
| Unspecified                            | -   | -   | -   | -     | -   | -   | -     | -     | -     |

|  |          |               |               |               |               |               |               |               |               |               |
|--|----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <u>Computer Equipment</u>                        |          | (31)          | 176           | 69            | 107           | 107           | 104           | 110           | 116           | 123           |
| Computer Equipment                               |          | (31)          | 176           | 69            | 107           | 107           | 104           | 110           | 116           | 123           |
| <u>Furniture and Office Equipment</u>            |          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Furniture and Office Equipment                   |          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <u>Machinery and Equipment</u>                   |          | 51            | -             | -             | 246           | 93            | 24            | 182           | 189           | 205           |
| Machinery and Equipment                          |          | 51            | -             | -             | 246           | 93            | 24            | 182           | 189           | 205           |
| <u>Transport Assets</u>                          |          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Transport Assets                                 |          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <u>Libraries</u>                                 |          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Libraries  |          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <u>Zoo's, Marine and Non-biological Animals</u>  |          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Zoo's, Marine and Non-biological Animals         |          | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Total Repairs and Maintenance Expenditure</b> | <b>1</b> | <b>12 227</b> | <b>15 064</b> | <b>18 727</b> | <b>29 659</b> | <b>21 737</b> | <b>18 305</b> | <b>18 061</b> | <b>19 127</b> | <b>20 256</b> |
|  |          |               |               |               |               |               |               |               |               |               |
| <i>R&amp;M as a % of PPE</i>                     |          | <i>0.8%</i>   | <i>1.0%</i>   | <i>59.2%</i>  | <i>1.0%</i>   | <i>0.7%</i>   | <i>0.6%</i>   | <i>0.6%</i>   | <i>0.6%</i>   | <i>0.7%</i>   |
| <i>R&amp;M as % Operating Expenditure</i>        |          | <i>2.9%</i>   | <i>3.4%</i>   | <i>4.2%</i>   | <i>4.6%</i>   | <i>3.9%</i>   | <i>3.8%</i>   | <i>3.7%</i>   | <i>3.3%</i>   | <i>3.3%</i>   |

**Table 57 KZN263 SA34d - Capital Budget (Depreciation by Asset Class)**

| Description                                  | Ref      | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <b>R thousand</b>                            | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Depreciation by Asset Class/Sub-class</u> |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| -  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Infrastructure</u>                        |          | 14 177          | 62 259          | 57 319          | 94 852               | 66 660          | 57 320             | 70 793  | 74 970                 | 79 393                 |
| Roads Infrastructure                         |          | 4 944           | 6 309           | 24 466          | 26 081               | 18 000          | 16 734             | 19 116  | 20 244                 | 21 438                 |
| Roads  |          | 4 944           | 6 309           | 24 466          | 26 081               | 18 000          | 16 734             | 19 116  | 20 244                 | 21 438                 |
| Road Structures                              |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Road Furniture                               |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares                               |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Drainage Collection                          |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Conveyance                       |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Attenuation                                  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electrical Infrastructure                    |          | 3 278           | 31 413          | -               | 33 750               | 20 000          | 18 719             | 21 240  | 22 493                 | 23 820                 |
| Power Plants                                 |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Substations                               |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Switching Station                         |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Transmission Conductors                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Substations                               |          | 3 278           | 31 413          | -               | 33 750               | 20 000          | 18 719             | 21 240  | 22 493                 | 23 820                 |
| MV Switching Stations                        |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Networks                                  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| LV Networks                                  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares                               |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Supply Infrastructure                  |          | 1 967           | 13 777          | 13 928          | 14 847               | 11 000          | 10 381             | 11 682  | 12 371                 | 13 101                 |
| Dams and Weirs                               |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Boreholes                                    |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Reservoirs                                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Pump Stations                                |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Treatment Works                        |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Bulk Mains                                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Distribution                                 |          | 1 967           | 13 777          | 13 928          | 14 847               | 11 000          | 10 381             | 11 682  | 12 371                 | 13 101                 |
| Distribution Points                          |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

|  |       |        |        |        |        |       |        |        |        |
|--|-------|--------|--------|--------|--------|-------|--------|--------|--------|
| PRV Stations                                 | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Capital Spares                               | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Sanitation Infrastructure                    | 3 987 | 10 759 | 11 056 | 11 786 | 10 110 | 4 421 | 10 737 | 11 370 | 12 041 |
| Pump Station                                 | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Reticulation                                 | 3 987 | 10 759 | 11 056 | 11 786 | 10 110 | 4 421 | 10 737 | 11 370 | 12 041 |
| Waste Water Treatment Works                  | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Outfall Sewers                               | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Toilet Facilities                            | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Capital Spares                               | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Solid Waste Infrastructure                   | -     | -      | 7 869  | 8 388  | 7 550  | 7 066 | 8 018  | 8 491  | 8 992  |
| Landfill Sites                               | -     | -      | 7 869  | 8 388  | 7 550  | 7 066 | 8 018  | 8 491  | 8 992  |
| Waste Transfer Stations                      | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Waste Processing Facilities                  | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Waste Drop-off Points                        | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Waste Separation Facilities                  | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Electricity Generation Facilities            | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Capital Spares                               | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Rail Infrastructure                          | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Rail Lines                                   | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Rail Structures                              | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Rail Furniture                               | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Drainage Collection                          | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Storm water Conveyance                       | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Attenuation                                  | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| MV Substations                               | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| LV Networks                                  | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Capital Spares                               | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Coastal Infrastructure                       | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Sand Pumps                                   | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Piers  | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Revetments                                   | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Promenades                                   | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Capital Spares                               | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Information and Communication Infrastructure | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Data Centres                                 | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Core Layers                                  | -     | -      | -      | -      | -      | -     | -      | -      | -      |
| Distribution Layers                          | -     | -      | -      | -      | -      | -     | -      | -      | -      |



|                                 |            |               |              |              |              |              |              |              |              |
|---------------------------------|------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>Capital Spares</i>           | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| <b><u>Community Assets</u></b>  | <b>430</b> | <b>13 191</b> | <b>6 226</b> | <b>6 637</b> | <b>6 106</b> | <b>5 729</b> | <b>6 485</b> | <b>6 867</b> | <b>7 272</b> |
| Community Facilities            | 430        | 13 191        | 6 226        | 6 637        | 6 106        | 5 729        | 6 485        | 6 867        | 7 272        |
| Halls                           | 368        | 13 152        | 6 184        | 6 592        | 6 066        | 5 687        | 6 442        | 6 822        | 7 225        |
| Centres                         | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Crèches                         | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Clinics/Care Centres            | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Fire/Ambulance Stations         | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Testing Stations                | 63         | 40            | 42           | 45           | 40           | 42           | 42           | 45           | 48           |
| Museums                         | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Galleries                       | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Theatres                        | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Libraries                       | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Cemeteries/Crematoria           | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Police                          | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Parks                           | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Public Open Space               | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Nature Reserves                 | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Public Ablution Facilities      | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Markets                         | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Stalls                          | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Abattoirs                       | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Airports                        | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Taxi Ranks/Bus Terminals        | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Capital Spares                  | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Sport and Recreation Facilities | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Indoor Facilities               | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Outdoor Facilities              | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Capital Spares                  | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| <b><u>Heritage assets</u></b>   | <b>-</b>   | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| Monuments                       | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Historic Buildings              | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Works of Art                    | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Conservation Areas              | -          | -             | -            | -            | -            | -            | -            | -            | -            |
| Other Heritage                  | -          | -             | -            | -            | -            | -            | -            | -            | -            |

|  |        |        |        |       |       |       |        |        |        |
|--|--------|--------|--------|-------|-------|-------|--------|--------|--------|
| <b>Investment properties</b>           | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Revenue Generating                     | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Improved Property                      | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Unimproved Property                    | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Non-revenue Generating                 | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Improved Property                      | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Unimproved Property                    | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| <b>Other assets</b>                    | 93 611 | 23 424 | 17 924 | 8 901 | 9 603 | 8 782 | 10 198 | 10 800 | 11 437 |
| Operational Buildings                  | 93 611 | 23 424 | 17 924 | 8 901 | 9 603 | 8 782 | 10 198 | 10 800 | 11 437 |
| Municipal Offices                      | 1 348  | 1 899  | 3 749  | 4 398 | 5 345 | 4 790 | 5 676  | 6 011  | 6 366  |
| Pay/Enquiry Points                     | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Building Plan Offices                  | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Workshops                              | 92 263 | 21 525 | 14 175 | 4 503 | 4 258 | 3 991 | 4 522  | 4 788  | 5 071  |
| Yards                                  | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Stores                                 | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Laboratories                           | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Training Centres                       | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Manufacturing Plant                    | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Depots                                 | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Capital Spares                         | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Housing                                | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Staff Housing                          | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Social Housing                         | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Capital Spares                         | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| <b>Biological or Cultivated Assets</b> | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Biological or Cultivated Assets        | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| <b>Intangible Assets</b>               | -      | -      | -      | 38    | 38    | 36    | 40     | 43     | 45     |
| Servitudes                             | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Licences and Rights                    | -      | -      | -      | 38    | 38    | 36    | 40     | 43     | 45     |
| Water Rights                           | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Effluent Licenses                      | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Solid Waste Licenses                   | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Computer Software and Applications     | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Load Settlement Software Applications  | -      | -      | -      | -     | -     | -     | -      | -      | -      |
| Unspecified                            | -      | -      | -      | 38    | 38    | 36    | 40     | 43     | 45     |

|   |   |         |        |        |         |        |        |        |        |        |
|---|---|---------|--------|--------|---------|--------|--------|--------|--------|--------|
| <u>Computer Equipment</u>                       |   | 197     | 231    | 627    | 507     | 504    | 472    | 510    | 540    | 572    |
| Computer Equipment                              |   | 197     | 231    | 627    | 507     | 504    | 472    | 510    | 540    | 572    |
| <u>Furniture and Office Equipment</u>           |   | -       | -      | -      | 24      | 20     | 22     | 22     | 23     | 24     |
| Furniture and Office Equipment                  |   | -       | -      | -      | 24      | 20     | 22     | 22     | 23     | 24     |
| <u>Machinery and Equipment</u>                  |   | -       | -      | -      | -       | -      | -      | -      | -      | -      |
| Machinery and Equipment                         |   | -       | -      | -      | -       | -      | -      | -      | -      | -      |
| <u>Transport Assets</u>                         |   | -       | -      | -      | -       | -      | -      | -      | -      | -      |
| Transport Assets                                |   | -       | -      | -      | -       | -      | -      | -      | -      | -      |
| <u>Libraries</u>                                |   | -       | -      | -      | -       | -      | -      | -      | -      | -      |
| Libraries                                       |   | -       | -      | -      | -       | -      | -      | -      | -      | -      |
| <u>Zoo's, Marine and Non-biological Animals</u> |   | -       | -      | -      | -       | -      | -      | -      | -      | -      |
| Zoo's, Marine and Non-biological Animals        |   | -       | -      | -      | -       | -      | -      | -      | -      | -      |
| Total Depreciation                              | 1 | 108 414 | 99 106 | 82 095 | 110 958 | 82 931 | 72 361 | 88 047 | 93 242 | 98 744 |

Table 58 KZN263 SA34e - Capital Budget (Upgrading of Existing Assets by Asset Class)

| Description   | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand  | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</u> |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| -   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <u>Infrastructure</u>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Roads Infrastructure  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Roads   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Road Structures   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Road Furniture  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Drainage Collection   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Conveyance  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Attenuation   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electrical Infrastructure   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Power Plants  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Substations  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Switching Station  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Transmission Conductors  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Substations  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Switching Stations   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Networks   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| LV Networks   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Supply Infrastructure   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Dams and Weirs  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Boreholes   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Reservoirs  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Pump Stations   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Treatment Works   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Bulk Mains  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Distribution  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Distribution Points   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

|   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|
| <i>PRV Stations</i>                                 | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i>                               | - | - | - | - | - | - | - | - | - |
| <b>Sanitation Infrastructure</b>                    | - | - | - | - | - | - | - | - | - |
| <i>Pump Station</i>                                 | - | - | - | - | - | - | - | - | - |
| <i>Reticulation</i>                                 | - | - | - | - | - | - | - | - | - |
| <i>Waste Water Treatment Works</i>                  | - | - | - | - | - | - | - | - | - |
| <i>Outfall Sewers</i>                               | - | - | - | - | - | - | - | - | - |
| <i>Toilet Facilities</i>                            | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i>                               | - | - | - | - | - | - | - | - | - |
| <b>Solid Waste Infrastructure</b>                   | - | - | - | - | - | - | - | - | - |
| <i>Landfill Sites</i>                               | - | - | - | - | - | - | - | - | - |
| <i>Waste Transfer Stations</i>                      | - | - | - | - | - | - | - | - | - |
| <i>Waste Processing Facilities</i>                  | - | - | - | - | - | - | - | - | - |
| <i>Waste Drop-off Points</i>                        | - | - | - | - | - | - | - | - | - |
| <i>Waste Separation Facilities</i>                  | - | - | - | - | - | - | - | - | - |
| <i>Electricity Generation Facilities</i>            | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i>                               | - | - | - | - | - | - | - | - | - |
| <b>Rail Infrastructure</b>                          | - | - | - | - | - | - | - | - | - |
| <i>Rail Lines</i>                                   | - | - | - | - | - | - | - | - | - |
| <i>Rail Structures</i>                              | - | - | - | - | - | - | - | - | - |
| <i>Rail Furniture</i>                               | - | - | - | - | - | - | - | - | - |
| <i>Drainage Collection</i>                          | - | - | - | - | - | - | - | - | - |
| <i>Storm water Conveyance</i>                       | - | - | - | - | - | - | - | - | - |
| <i>Attenuation</i>                                  | - | - | - | - | - | - | - | - | - |
| <i>MV Substations</i>                               | - | - | - | - | - | - | - | - | - |
| <i>LV Networks</i>                                  | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i>                               | - | - | - | - | - | - | - | - | - |
| <b>Coastal Infrastructure</b>                       | - | - | - | - | - | - | - | - | - |
| <i>Sand Pumps</i>                                   | - | - | - | - | - | - | - | - | - |
| <i>Piers</i>  | - | - | - | - | - | - | - | - | - |
| <i>Revetments</i>                                   | - | - | - | - | - | - | - | - | - |
| <i>Promenades</i>                                   | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i>                               | - | - | - | - | - | - | - | - | - |
| <b>Information and Communication Infrastructure</b> | - | - | - | - | - | - | - | - | - |
| <i>Data Centres</i>                                 | - | - | - | - | - | - | - | - | - |
| <i>Core Layers</i>                                  | - | - | - | - | - | - | - | - | - |

|                                 |   |   |   |   |   |   |   |   |   |
|---------------------------------|---|---|---|---|---|---|---|---|---|
| Distribution Layers             | - | - | - | - | - | - | - | - | - |
| Capital Spares                  | - | - | - | - | - | - | - | - | - |
| <b>Community Assets</b>         | - | - | - | - | - | - | - | - | - |
| Community Facilities            | - | - | - | - | - | - | - | - | - |
| Halls                           | - | - | - | - | - | - | - | - | - |
| Centres                         | - | - | - | - | - | - | - | - | - |
| Crèches                         | - | - | - | - | - | - | - | - | - |
| Clinics/Care Centres            | - | - | - | - | - | - | - | - | - |
| Fire/Ambulance Stations         | - | - | - | - | - | - | - | - | - |
| Testing Stations                | - | - | - | - | - | - | - | - | - |
| Museums                         | - | - | - | - | - | - | - | - | - |
| Galleries                       | - | - | - | - | - | - | - | - | - |
| Theatres                        | - | - | - | - | - | - | - | - | - |
| Libraries                       | - | - | - | - | - | - | - | - | - |
| Cemeteries/Crematoria           | - | - | - | - | - | - | - | - | - |
| Police                          | - | - | - | - | - | - | - | - | - |
| Purrs                           | - | - | - | - | - | - | - | - | - |
| Public Open Space               | - | - | - | - | - | - | - | - | - |
| Nature Reserves                 | - | - | - | - | - | - | - | - | - |
| Public Ablution Facilities      | - | - | - | - | - | - | - | - | - |
| Markets                         | - | - | - | - | - | - | - | - | - |
| Stalls                          | - | - | - | - | - | - | - | - | - |
| Abattoirs                       | - | - | - | - | - | - | - | - | - |
| Airports                        | - | - | - | - | - | - | - | - | - |
| Taxi Ranks/Bus Terminals        | - | - | - | - | - | - | - | - | - |
| Capital Spares                  | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | - | - | - | - | - | - | - | - | - |
| Indoor Facilities               | - | - | - | - | - | - | - | - | - |
| Outdoor Facilities              | - | - | - | - | - | - | - | - | - |
| Capital Spares                  | - | - | - | - | - | - | - | - | - |
| <b>Heritage assets</b>          | - | - | - | - | - | - | - | - | - |
| Monuments                       | - | - | - | - | - | - | - | - | - |
| Historic Buildings              | - | - | - | - | - | - | - | - | - |
| Works of Art                    | - | - | - | - | - | - | - | - | - |
| Conservation Areas              | - | - | - | - | - | - | - | - | - |
| Other Heritage                  | - | - | - | - | - | - | - | - | - |
| <b>Investment properties</b>    | - | - | - | - | - | - | - | - | - |
| Revenue Generating              | - | - | - | - | - | - | - | - | - |

|  |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|
| Improved Property                      | - | - | - | - | - | - | - | - | - |
| Unimproved Property                    | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating                 | - | - | - | - | - | - | - | - | - |
| Improved Property                      | - | - | - | - | - | - | - | - | - |
| Unimproved Property                    | - | - | - | - | - | - | - | - | - |
|  | - | - | - | - | - | - | - | - | - |
| <b>Other assets</b>                    | - | - | - | - | - | - | - | - | - |
| Operational Buildings                  | - | - | - | - | - | - | - | - | - |
| Municipal Offices                      | - | - | - | - | - | - | - | - | - |
| Pay/Enquiry Points                     | - | - | - | - | - | - | - | - | - |
| Building Plan Offices                  | - | - | - | - | - | - | - | - | - |
| Workshops                              | - | - | - | - | - | - | - | - | - |
| Yards                                  | - | - | - | - | - | - | - | - | - |
| Stores                                 | - | - | - | - | - | - | - | - | - |
| Laboratories                           | - | - | - | - | - | - | - | - | - |
| Training Centres                       | - | - | - | - | - | - | - | - | - |
| Manufacturing Plant                    | - | - | - | - | - | - | - | - | - |
| Depots                                 | - | - | - | - | - | - | - | - | - |
| Capital Spares                         | - | - | - | - | - | - | - | - | - |
| Housing                                | - | - | - | - | - | - | - | - | - |
| Staff Housing                          | - | - | - | - | - | - | - | - | - |
| Social Housing                         | - | - | - | - | - | - | - | - | - |
| Capital Spares                         | - | - | - | - | - | - | - | - | - |
|  | - | - | - | - | - | - | - | - | - |
| <b>Biological or Cultivated Assets</b> | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets        | - | - | - | - | - | - | - | - | - |
|  | - | - | - | - | - | - | - | - | - |
| <b>Intangible Assets</b>               | - | - | - | - | - | - | - | - | - |
| Servitudes                             | - | - | - | - | - | - | - | - | - |
| Licences and Rights                    | - | - | - | - | - | - | - | - | - |
| Water Rights                           | - | - | - | - | - | - | - | - | - |
| Effluent Licenses                      | - | - | - | - | - | - | - | - | - |
| Solid Waste Licenses                   | - | - | - | - | - | - | - | - | - |
| Computer Software and Applications     | - | - | - | - | - | - | - | - | - |
| Load Settlement Software Applications  | - | - | - | - | - | - | - | - | - |
| Unspecified                            | - | - | - | - | - | - | - | - | - |

|  |          |      |      |      |      |      |      |      |      |      |
|--|----------|------|------|------|------|------|------|------|------|------|
| <u>Computer Equipment</u>  |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Computer Equipment   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <u>Furniture and Office Equipment</u>                            |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Furniture and Office Equipment                                   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <u>Machinery and Equipment</u>                                   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Machinery and Equipment  |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <u>Transport Assets</u>  |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Transport Assets   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <u>Libraries</u>   |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Libraries  |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <u>Zoo's, Marine and Non-biological Animals</u>                  |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Zoo's, Marine and Non-biological Animals                         |          | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b>Total Capital Expenditure on upgrading of existing assets</b> | <b>1</b> | -    | -    | -    | -    | -    | -    | -    | -    | -    |
|  |          |      |      |      |      |      |      |      |      |      |
| <i>Upgrading of Existing Assets as % of total capex</i>          |          | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| <i>Upgrading of Existing Assets as % of deprecn"</i>             |          | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |



**Table 59 KZN263 SA35 - Future Financial Implications of the Capital Budget**

| Vote Description                         | Ref | 2017/18 Medium Term Revenue & Expenditure Framework |                           |                           | Forecasts        |                  |                  |               |
|--|-----|---|---------------------------|---------------------------|------------------|------------------|------------------|---------------|
|  |     | Budget Year<br>2017/18                              | Budget Year +1<br>2018/19 | Budget Year +2<br>2019/20 | Forecast 2020/21 | Forecast 2021/22 | Forecast 2022/23 | Present value |
| R thousand                               |     |   |                           |                           |                  |                  |                  |               |
| <b>Capital expenditure</b>               | 1   |   |                           |                           |                  |                  |                  |               |
| Vote 1 - Executive & Council             |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 2 - Finance                         |     | 200   | 212                       | 224                       | 238              | 252              | 267              | 283           |
| Vote 3 - Administration                  |     | 630   | 667                       | 707                       | 749              | 794              | 841              | 892           |
| Vote 4 - Community & Social Services     |     | 1 195   | 1 207                     | 1 278                     | 1 354            | 1 436            | 1 522            | 1 613         |
| Vote 5 - Road Transport                  |     | 38 040  | 40 087                    | 42 247                    | 44 782           | 47 469           | 50 317           | 53 336        |
| Vote 6 - Energy Sources                  |     | 20 000  | 20 295                    | 20 607                    | 21 844           | 23 154           | 24 544           | 26 016        |
| Vote 7 - Housing                         |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 8 - Internal Audit                  |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 9 - Other                           |     | 7   | 7                         | 8                         | 8                | 9                | 9                | 10            |
| Vote 10 - Planning & Development         |     | 25  | 26                        | 28                        | 30               | 32               | 33               | 35            |
| Vote 11 - Public Safety                  |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 12 - Waste Management               |     | 35  | 37                        | 39                        | 42               | 44               | 47               | 50            |
| Vote 13 - Waste Water Management         |     | 550   | 582                       | 617                       | 654              | 693              | 735              | 779           |
| Vote 14 - Water Management               |     | 505   | 535                       | 566                       | 600              | 636              | 675              | 715           |
| Vote 15 -                                |     | –   | –                         | –                         | –                | –                | –                | –             |
| <i>List entity summary if applicable</i> |     |   |                           |                           |                  |                  |                  |               |
| <b>Total Capital Expenditure</b>         |     | <b>61 187</b>                                       | <b>63 655</b>             | <b>66 322</b>             | <b>70 301</b>    | <b>74 519</b>    | <b>78 990</b>    | <b>83 730</b> |
| <b>Future operational costs by vote</b>  | 2   |   |                           |                           |                  |                  |                  |               |
| Vote 1 - Executive & Council             |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 2 - Finance                         |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 3 - Administration                  |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 4 - Community & Social Services     |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 5 - Road Transport                  |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 6 - Energy Sources                  |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 7 - Housing                         |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 8 - Internal Audit                  |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 9 - Other                           |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 10 - Planning & Development         |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 11 - Public Safety                  |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 12 - Waste Management               |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 13 - Waste Water Management         |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 14 - Water Management               |     | –   | –                         | –                         | –                | –                | –                | –             |
| Vote 15 -                                |     | –   | –                         | –                         | –                | –                | –                | –             |
| <i>List entity summary if applicable</i> |     | –   | –                         | –                         | –                | –                | –                | –             |

|   |   |        |        |        |        |        |        |        |
|---|---|--------|--------|--------|--------|--------|--------|--------|
| Total future operational costs            |   | -      | -      | -      | -      | -      | -      | -      |
| <u>Future revenue by source</u>           | 3 |        |        |        |        |        |        |        |
| Property rates                            |   | -      | -      | -      | -      | -      | -      | -      |
| Service charges - electricity revenue     |   | -      | -      | -      | -      | -      | -      | -      |
| Service charges - water revenue           |   | -      | -      | -      | -      | -      | -      | -      |
| Service charges - sanitation revenue      |   | -      | -      | -      | -      | -      | -      | -      |
| Service charges - refuse revenue          |   | -      | -      | -      | -      | -      | -      | -      |
| Service charges - other                   |   | -      | -      | -      | -      | -      | -      | -      |
| Rental of facilities and equipment        |   | -      | -      | -      | -      | -      | -      | -      |
| List other revenues sources if applicable |   | -      | -      | -      | -      | -      | -      | -      |
| List entity summary if applicable         |   | -      | -      | -      | -      | -      | -      | -      |
| Total future revenue                      |   | -      | -      | -      | -      | -      | -      | -      |
| Net Financial Implications                |   | 61 187 | 63 655 | 66 322 | 70 301 | 74 519 | 78 990 | 83 730 |

Table 60 KZN263 SA36 - Detailed Capital Budget per Municipal Vote

| Municipal Vote/Capital project<br><br>R thousand                                   | Program/Project description | Project number | IDP Goal code<br>2 | Individually Approved<br>(Yes/No)<br>6 | Asset Class<br>3 | Asset Sub-Class<br>3 | GPS co-ordinates<br>5 | Total Project Estimate | Prior year outcomes     |   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        | Project information |                |
|--|-----------------------------|----------------|--------------------|--|------------------|----------------------|-----------------------|------------------------|-------------------------|---|---|------------------------|------------------------|---------------------|----------------|
|  |                             |                |                    |  |                  |                      |                       |                        | Audited Outcome 2015/16 | Current Year 2016/17 Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 | Ward location       | New or renewal |
| Parent municipality:<br><i>List all capital projects grouped by Municipal Vote</i> |                             |                |                    |  |                  |                      |                       |                        |                         |   |   |                        |                        |                     |                |
|  |                             |                |                    |  |                  |                      |                       |                        |                         |   |   |                        |                        |                     |                |
| Parent Capital expenditure   |                             |                |                    |  |                  |                      |                       |                        |                         |   | -   | -                      | -                      |                     |                |
| Entities:<br><i>List all capital projects grouped by Entity</i>                    |                             |                |                    |  |                  |                      |                       |                        |                         |   |   |                        |                        |                     |                |
| Entity A<br>Water project A  |                             |                |                    |  |                  |                      |                       |                        |                         |   |   |                        |                        |                     |                |
| Entity B<br>Electricity project B  |                             |                |                    |  |                  |                      |                       |                        |                         |   |   |                        |                        |                     |                |
| Entity Capital expenditure   |                             |                |                    |  |                  |                      |                       |                        | -                       | -                                       | -   | -                      | -                      |                     |                |
| Total Capital expenditure  |                             |                |                    |  |                  |                      |                       |                        | -                       | -                                       | -   | -                      | -                      |                     |                |

**Table 61 KZN263 SA37 - Projects delayed from previous financial year**

| Municipal Vote/Capital project   | Ref.<br>1,2 | Project name | Project number | Asset Class<br>3 | Asset Sub-<br>Class<br>3 | GPS co-<br>ordinates<br>4 | Previous<br>target year<br>to complete | Current Year 2016/17 |                       | 2017/18 Medium Term Revenue &<br>Expenditure Framework |                              |                              |
|--|-------------|--------------|----------------|------------------|--------------------------|---------------------------|--|----------------------|-----------------------|--|------------------------------|------------------------------|
|  |             |              |                |                  |                          |                           |  | Original<br>Budget   | Full Year<br>Forecast | Budget<br>Year<br>2017/18                              | Budget<br>Year +1<br>2018/19 | Budget<br>Year +2<br>2019/20 |
|  |             |              |                |                  |                          |                           | Year                                   |                      |                       |  |                              |                              |
| R thousand   |             |              |                |                  |                          |                           |  |                      |                       |  |                              |                              |
| Parent municipality:<br><i>List all capital projects grouped by Municipal<br/>Vote</i> |             |              |                | <i>Examples</i>  | <i>Examples</i>          |                           |  |                      |                       |  |                              |                              |
|  |             |              |                |                  |                          |                           |  |                      |                       |  |                              |                              |
| Entities:<br><i>List all capital projects grouped by Municipal<br/>Entity</i>          |             |              |                |                  |                          |                           |  |                      |                       |  |                              |                              |
| <i>Entity Name</i><br><i>Project name</i>  |             |              |                |                  |                          |                           |  |                      |                       |  |                              |                              |

## **Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **1. In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

### **2. Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained interns through this programme and a majority of them were appointed either in the Municipality or other municipalities.

### **3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **4. Audit Committee**

An Audit Committee has been established and is fully functional.

### **5. Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in June 2017 directly aligned and informed by the 2017/18 MTREF.

### **6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

### **7. MFMA Training**

The MFMA training module in electronic format is presented for the Municipality's internal employees and training is on-going.

#### **Policies**

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## Other supporting documents

**Table 62 KZN263 Table SA1 - Supporting detail to Budgeted Financial Performance**

| Description  | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>REVENUE ITEMS:</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <u>Property rates</u>  | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Property Rates   |     | 49 942          | 59 010          | 59 014          | 64 184               | 63 500          | 63 291             | 63 291            | 65 000  | 68 835                 | 72 896                 |
| <i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i> |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net Property Rates   |     | 49 942          | 59 010          | 59 014          | 64 184               | 63 500          | 63 291             | 63 291            | 65 000  | 68 835                 | 72 896                 |
| <u>Service charges - electricity revenue</u>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - electricity revenue  |     | 141 091         | 145 521         | 162 862         | 177 587              | 170 301         | 161 915            | 161 915           | 176 530   | 192 983                | 210 973                |
| <i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>  |     | 2 698           | 2 000           | 2 000           | 1 599                | 3 200           | 2 902              |                   | 3 398   | 3 599                  | 3 811                  |
| Net Service charges - electricity revenue  |     | 138 393         | 143 521         | 160 862         | 175 988              | 167 101         | 159 014            | 161 915           | 173 132   | 189 384                | 207 162                |
| <u>Service charges - water revenue</u>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - water revenue  |     | 36 153          | 36 524          | 34 826          | 41 519               | 17 880          | 13 786             | 13 786            | 18 972  | 20 869                 | 22 956                 |
| <i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>                                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>                                    |     | 2 091           | 2 580           | 2 800           | 3 198                | 1 940           | 1 913              |                   | 2 060   | 2 182                  | 2 311                  |
| Net Service charges - water revenue  |     | 34 062          | 33 944          | 32 026          | 38 321               | 15 940          | 11 874             | 13 786            | 16 912  | 18 688                 | 20 646                 |
| <u>Service charges - sanitation revenue</u>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - sanitation revenue   |     | 19 208          | 25 914          | 22 901          | 26 428               | 25 000          | 22 042             | 22 042            | 26 550  | 29 205                 | 32 126                 |
| <i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |

|  |   |        |        |        |        |        |        |        |        |        |        |
|--|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>less Cost of Free Basis Services (free sanitation service to indigent households)</i> |   | 3 632  | 4 700  | 4 500  | 5 970  | 5 420  | 5 524  |        | 5 756  | 6 096  | 6 455  |
| Net Service charges - sanitation revenue   |   | 15 576 | 21 214 | 18 401 | 20 458 | 19 580 | 16 518 | 22 042 | 20 794 | 23 109 | 25 670 |
| <u>Service charges - refuse revenue</u>  | 6 |        |        |        |        |        |        |        |        |        |        |
| Total refuse removal revenue   |   | 13 986 | 15 946 | 17 391 | 19 496 | 19 100 | 18 904 | 18 904 | 20 284 | 22 313 | 24 544 |
| Total landfill revenue   |   |        |        |        |        |        |        |        |        |        |        |
| <i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>    |   |        |        |        |        |        |        |        |        |        |        |
| <i>less Cost of Free Basis Services (removed once a week to indigent households)</i>     |   | 2 702  | 3 500  | 3 500  | 4 690  | 4 670  | 4 665  |        | 4 960  | 5 252  | 5 562  |
| Net Service charges - refuse revenue   |   | 11 284 | 12 446 | 13 891 | 14 806 | 14 430 | 14 239 | 18 904 | 15 325 | 17 060 | 18 982 |
| <u>Other Revenue by source</u>   |   |        |        |        |        |        |        |        |        |        |        |
| Fuel Levy  |   | –      | –      | –      | –      | –      | –      | –      | –      | –      | –      |
| Other Revenue  |   | 43 348 | 45 828 | 60 993 | 1 729  | 49 324 | 2 334  | 2 334  | 42 073 | 45 538 | 46 730 |
| Burial fees  |   | –      |        |        | 192    | 120    | 105    | 105    | 110    | 116    | 123    |
| Enroachment fees   |   | –      |        |        | 57     | 70     | 60     | 60     | 50     | 50     | 50     |
| Photostat Copies   |   | –      |        |        | 23     | 18     | 16     | 16     | 15     | 16     | 17     |
| Special Consent  |   | –      |        |        | 43     | 32     | 24     | 24     | 25     | 26     | 28     |
| Gate fees  |   | –      |        |        | 1      | 0      | 0      | 0      | 0      | 0      | 0      |
| Building Plan fees   |   |        |        |        | 16     | 35     | 39     | 39     | 35     | 37     | 39     |
| SETA   |   |        |        |        | –      | –      | –      | –      | –      | –      | –      |
| Tender deposits  |   |        |        |        | 64     | 150    | 135    | 135    | 150    | 159    | 168    |
| Rates Clearances   |   |        |        |        | 64     | 31     | 33     | 33     | 33     | 35     | 37     |
| Monument Fees  | 3 |        |        |        | 31     | 20     | 16     | 16     | 20     | 21     | 22     |
| Total 'Other' Revenue  | 1 | 43 348 | 45 828 | 60 993 | 2 218  | 49 800 | 2 762  | 2 762  | 42 511 | 45 999 | 47 215 |
| <b>EXPENDITURE ITEMS:</b>  |   |        |        |        |        |        |        |        |        |        |        |
| <u>Employee related costs</u>  |   |        |        |        |        |        |        |        |        |        |        |
| Basic Salaries and Wages   | 2 | 61 465 | 73 915 | 67 248 | 75 283 | 70 259 | 69 688 | 69 688 | 75 874 | 81 050 | 86 579 |
| Pension and UIF Contributions  |   | 612    | 647    | 14 548 | 16 107 | 15 307 | 15 163 | 15 163 | 16 354 | 17 476 | 18 675 |
| Medical Aid Contributions  |   | 4 589  | 4 942  | 5 519  | 6 038  | 6 269  | 6 200  | 6 200  | 6 732  | 7 193  | 7 687  |
| Overtime   |   | 8 996  | 12 348 | 17 213 | 17 989 | 16 714 | 16 775 | 16 775 | 17 397 | 18 594 | 19 874 |
| Performance Bonus  |   | 4 590  | 4 810  | 5 446  | 7 078  | 5 714  | 5 682  | 5 682  | 6 119  | 7 235  | 7 683  |
| Motor Vehicle Allowance  |   | 10 554 | 8 751  | 7 022  | 7 679  | 7 261  | 7 194  | 7 194  | 7 714  | 8 243  | 8 809  |
| Cellphone Allowance  |   | 12 085 | 12 839 | 562    | 596    | 579    | 562    | 562    | 771    | 824    | 881    |
| Housing Allowances   |   | 262    | 250    | 1 025  | 1 108  | 1 049  | 1 027  | 1 027  | 1 132  | 1 210  | 1 293  |
| Other benefits and allowances  |   | 2 270  | 2 052  | 2 572  | 4 298  | 2 818  | 2 469  | 2 469  | 2 980  | 3 185  | 3 405  |
| Payments in lieu of leave  |   | 2 298  | 2 002  | 4 067  | 3 815  | 3 530  | 2 861  | 2 861  | 3 749  | 3 970  | 4 204  |
| Long service awards  |   | 29     | 32     | 23     | 31     | 16     | 15     | 15     | 16     | 18     | 19     |
| Post-retirement benefit obligations  | 4 | –      | –      | 3 630  | 5 758  | 3 000  | 2 879  | 2 879  | 3 186  | 3 374  | 3 573  |

|   |           |    |         |         |         |         |         |         |         |         |         |         |
|---|-----------|----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   | sub-total | 5  | 107 749 | 122 588 | 128 873 | 145 781 | 132 515 | 130 515 | 130 515 | 142 024 | 152 373 | 162 683 |
| <u>Less: Employees costs capitalised to PPE</u> |           |    |         |         |         |         |         |         |         |         |         |         |
| Total Employee related costs                    |           | 1  | 107 749 | 122 588 | 128 873 | 145 781 | 132 515 | 130 515 | 130 515 | 142 024 | 152 373 | 162 683 |
| <u>Contributions recognised - capital</u>       |           |    |         |         |         |         |         |         |         |         |         |         |
| MIG   |           |    |         |         |         |         |         |         |         |         |         |         |
| INEP  |           |    |         |         |         |         |         |         |         |         |         |         |
| Total Contributions recognised - capital        |           |    | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| <u>Depreciation &amp; asset impairment</u>      |           |    |         |         |         |         |         |         |         |         |         |         |
| Depreciation of Property, Plant & Equipment     |           |    | 88 655  | 88 655  | 82 095  | 110 958 | 82 931  | 72 361  | 72 361  | 88 047  | 93 242  | 98 744  |
| Lease amortisation                              |           |    | 19 664  | 9 058   | -       | -       | -       | -       | -       | -       | -       | -       |
| Capital asset impairment                        |           |    | 96      | 1 393   | -       | -       | -       | -       | -       | -       | -       | -       |
| Depreciation resulting from revaluation of PPE  |           | 10 | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Total Depreciation & asset impairment           |           | 1  | 108 415 | 99 106  | 82 095  | 110 958 | 82 931  | 72 361  | 72 361  | 88 047  | 93 242  | 98 744  |
| <u>Bulk purchases</u>                           |           |    |         |         |         |         |         |         |         |         |         |         |
| Electricity Bulk Purchases                      |           |    | 122 108 | 127 786 | 143 324 | 159 013 | 147 800 | 137 150 | 137 150 | 153 680 | 171 012 | 190 074 |
| Water Bulk Purchases                            |           |    | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Total bulk purchases                            |           | 1  | 122 108 | 127 786 | 143 324 | 159 013 | 147 800 | 137 150 | 137 150 | 153 680 | 171 012 | 190 074 |
| <u>Transfers and grants</u>                     |           |    |         |         |         |         |         |         |         |         |         |         |
| Cash transfers and grants                       |           |    | -       | -       | -       | 101     | 95      | 95      | 95      | 100     | 106     | 112     |
| Non-cash transfers and grants                   |           |    | 33 798  | 15 610  | 15 721  | 26 112  | 19 078  | 16 831  | 16 831  | 18 051  | 19 116  | 20 244  |
| Total transfers and grants                      |           | 1  | 33 798  | 15 610  | 15 721  | 26 213  | 19 173  | 16 926  | 16 926  | 18 151  | 19 222  | 20 356  |
| <u>Contracted services</u>                      |           |    |         |         |         |         |         |         |         |         |         |         |
| List services provided by contract              |           |    | 28 723  | 43 121  | 38 950  | 17 894  | 28 636  | 9 423   | 9 423   | 23 793  | 25 356  | 26 199  |
| Internal Audit                                  |           |    |         |         |         | 2 132   | 2 100   | 360     | 360     | 1 500   | 1 589   | 1 682   |
| Meter Reading                                   |           |    |         |         |         | 2 772   | 2 400   | 1 862   | 1 862   | 2 500   | 2 648   | 2 804   |
| Computer Services                               |           |    |         |         |         | 586     | 460     | 596     | 596     | 480     | 508     | 538     |
| VAT Consultant                                  |           |    |         |         |         | 500     | -       | -       | -       | -       | -       | -       |
| Parks   |           |    |         |         |         | 6 556   | 6 500   | 6 284   | 6 284   | 6 900   | 7 307   | 7 738   |
| Security  |           |    |         |         |         | 12 899  | 11 200  | 8 958   | 8 958   | 11 894  | 12 596  | 13 339  |
| Refuse Removal                                  |           |    |         |         |         | 11 086  | 13 300  | 9 722   | 9 722   | 13 000  | 13 767  | 14 579  |
| Steiner   |           |    |         |         |         | 23      | 10      | 7       | 7       | 10      | 11      | 11      |
| Digging of Graves                               |           |    |         |         |         | 53      | 42      | 35      | 35      | 40      | 42      | 45      |
| Electricity-Engineer                            |           |    |         |         |         | 533     | 400     | 172     | 172     | 450     | 477     | 505     |
| WSSA  |           |    |         |         |         | 394     | 350     | 343     | 343     | 372     | 394     | 417     |



|  |   |        |        |        |        |        |        |        |        |        |         |
|--|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Munsoft                                    |   |        |        | 1 599  | 1 700  | 1 445  | 1 445  | 1 800  | 1 906  | 2 019  |         |
| Infrastructure Plan                        |   |        |        | 1 066  | 1 000  | –      | –      | –      | –      | –      |         |
| Shoba Township Establishment               |   |        |        | 1 500  | 1 000  | –      | –      | 1 000  | 1 500  | 1 500  |         |
| Shared Services                            |   |        |        | 533    | 500    | –      | –      | 500    | 530    | 561    |         |
| Land Use Scheme                            |   |        |        | 1 100  | 1 000  | –      | –      | 1 000  | 1 059  | 1 121  |         |
| Forensic Auditors                          |   |        |        | 768    | 1 000  | –      | –      | 1 000  | 1 059  | 1 121  |         |
| LED WARD Project                           |   |        |        | 2 200  | 2 200  | 58     | 58     | 2 200  | 2 200  | 2 200  |         |
| Total client services                      |   |        |        |        |        |        |        |        |        |        |         |
| Commission on vendor sales                 |   |        |        | 1 161  | 905    | 973    | 973    | 961    | 1 018  | 1 078  |         |
| Photocopiers & faxes                       |   |        |        | 640    | 530    | 162    | 162    | 570    | 604    | 639    |         |
| Lease of vehicles                          |   |        |        | 17 962 | 20 900 | 12 268 | 12 268 | 20 850 | 22 080 | 23 383 |         |
| Telephones                                 |   |        |        | 1 258  | 1 180  | 1 169  | 1 169  | 1 200  | 1 271  | 1 346  |         |
| sub-total                                  | 1 | 28 723 | 43 121 | 38 950 | 85 215 | 97 313 | 53 837 | 53 837 | 92 020 | 97 920 | 102 826 |
| Allocations to organs of state:            |   |        |        |        |        |        |        |        |        |        |         |
| Electricity                                |   |        |        |        |        |        |        |        |        |        |         |
| Water                                      |   |        |        |        |        |        |        |        |        |        |         |
| Sanitation                                 |   |        |        |        |        |        |        |        |        |        |         |
| Other                                      |   |        |        |        |        |        |        |        |        |        |         |
| Total contracted services                  |   | 28 723 | 43 121 | 38 950 | 85 215 | 97 313 | 53 837 | 53 837 | 92 020 | 97 920 | 102 826 |
| Other Expenditure By Type                  | - |        |        |        |        |        |        |        |        |        |         |
| Collection costs                           |   |        |        |        |        |        |        |        |        |        |         |
| Contributions to 'other' provisions        |   | (135)  |        | 12 212 | 10 500 | 9 159  | 9 159  | 11 151 | 11 809 | 12 506 |         |
| Consultant fees                            |   |        |        |        |        |        |        |        |        |        |         |
| Audit fees                                 |   |        |        | 2 132  | 4 000  | 6 338  | 6 338  | 4 000  | 4 236  | 4 486  |         |
| General expenses                           | 3 |        |        |        |        |        |        |        |        |        |         |
| List Other Expenditure by Type             |   |        |        | 11 856 |        |        |        |        |        |        |         |
| Ward Committee Members                     |   |        |        | 2 558  | 1 780  | 648    | 648    | 2 640  | 2 796  | 2 961  |         |
| Newsletter & Radio Slot                    |   |        |        | 160    | 75     | –      | –      | 100    | 106    | 112    |         |
| Advertisements & Notices                   |   |        |        | 373    | 345    | 322    | 322    | 370    | 392    | 415    |         |
| Allowances & Pensioners Contributions      |   |        |        | 1 492  | 1 200  | –      | –      | 1 274  | 1 350  | 1 429  |         |
| Banking Services                           |   |        |        | 1 439  | 1 080  | 814    | 814    | 1 080  | 1 144  | 1 211  |         |
| Brochures & Postcards                      |   |        |        | 11     | 5      | 3      | 3      | 5      | 5      | 6      |         |
| Cartage & Railage                          |   |        |        | 80     | 400    | 511    | 511    | 450    | 477    | 505    |         |
| Chemicals                                  |   |        |        | 3 758  | 1 120  | 814    | 814    | 1 500  | 1 589  | 1 682  |         |
| Cleaning Materials                         |   |        |        | 431    | 353    | 352    | 352    | 381    | 420    | 445    |         |
| Conference Fees & Travelling               |   |        |        | 3 334  | 2 790  | 3 137  | 3 137  | 2 903  | 3 074  | 3 256  |         |
| Municipal Services                         |   |        |        | 7 603  | 3 003  | 3 010  | 3 010  | 3 343  | 3 540  | 3 749  |         |
| Compensation Commissioner                  |   |        |        | 586    | 500    | –      | –      | 531    | 562    | 596    |         |
| Strategic Planning Sessions & Refreshments |   |        |        | 205    | 93     | 129    | 129    | 96     | 101    | 107    |         |
| Budget Roadshow                            |   |        |        | 693    | 300    | 3      | 3      | 300    | 318    | 336    |         |
| First Aid Supplies                         |   |        |        | 17     | 5      | –      | –      | 5      | 5      | 5      |         |

|   |   |        |        |        |        |        |        |        |        |        |        |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Council Community Projects                  |   |        |        |        | 1 066  | 1 000  | 1 414  | 1 414  | 1 000  | 1 059  | 1 121  |
| LED Projects & Poverty Alleviation          |   |        |        |        | 4 400  | 4 400  | 1 075  | 1 075  | 4 400  | 4 400  | 4 400  |
| Spluma                                      |   |        |        |        | 1 066  | 900    | –      | –      | 1 000  | 1 059  | 1 121  |
| Indigent Burials                            |   |        |        |        | 235    | 280    | 302    | 302    | 280    | 297    | 314    |
| Insurances                                  |   |        |        |        | 1 866  | 2 500  | 2 774  | 2 774  | 2 000  | 2 118  | 2 243  |
| Total 'Other' Expenditure                   | 1 | (135)  | –      | –      | 57 571 | 36 629 | 30 805 | 30 805 | 38 808 | 40 854 | 43 005 |
| Repairs and Maintenance by Expenditure Item | 8 |        |        |        |        |        |        |        |        |        |        |
| Employee related costs                      |   | 12 227 | 15 064 | 18 727 | 29 659 | 21 737 | 18 304 | 18 304 | 18 062 | 19 127 | 20 256 |
| Other materials                             |   |        |        |        |        |        |        |        |        |        |        |
| Contracted Services                         |   |        |        |        |        |        |        |        |        |        |        |
| Other Expenditure                           |   |        |        |        |        |        |        |        |        |        |        |
| Total Repairs and Maintenance Expenditure   | 9 | 12 227 | 15 064 | 18 727 | 29 659 | 21 737 | 18 304 | 18 304 | 18 062 | 19 127 | 20 256 |

Table 63 KZN263 Table SA2 – Matrix Financial Performance Budget (Revenue Source / Expenditure type and Department)

| Description  | R<br>ef | Vote 1 -<br>Executiv<br>e &<br>Council | Vote 2 -<br>Finance | Vote 3 -<br>Administ<br>ration | Vote 4 -<br>Communi<br>ty &<br>Social<br>Services | Vote 5 -<br>Road<br>Transpo<br>rt | Vote 6 -<br>Energy<br>Sources | Vote 7 -<br>Housing | Vote 8<br>-<br>Interna<br>l Audit | Vote 9 -<br>Other | Vote 10 -<br>Planning<br>&<br>Develop<br>ment | Vote 11 -<br>Public<br>Safety | Vote 12 -<br>Waste<br>Manage<br>ment | Vote 13 -<br>Waste<br>Water<br>Manage<br>ment | Vote 14 -<br>Water<br>Manage<br>ment | Vote<br>15 - | Total     |
|--|---------|--|---------------------|--------------------------------|---|-----------------------------------|-------------------------------|---------------------|-----------------------------------|-------------------|---|-------------------------------|--------------------------------------|---|--------------------------------------|--------------|-----------|
| R thousand   | 1       |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              |           |
| <b>Revenue By Source</b>   |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              |           |
| Property rates   |         |  | 65 000              |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 65 000    |
| Service charges - electricity revenue                                |         |  |                     |                                |   |                                   | 176 530                       |                     |                                   |                   |   |                               |                                      |   |                                      |              | 176 530   |
| Service charges - water revenue                                      |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   | 18 972                               |              | 18 972    |
| Service charges - sanitation revenue                                 |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               | 26 550                               |   |                                      |              | 26 550    |
| Service charges - refuse revenue                                     |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   | 20 284                        |                                      |   |                                      |              | 20 284    |
| Service charges - other  |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | -         |
| Rental of facilities and equipment                                   |         |  | 1 043               | 5                              | 97  |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 1 145     |
| Interest earned - external investments                               |         |  | 1 750               |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 1 750     |
| Interest earned - outstanding debtors                                |         |  | 3 013               |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 3 013     |
| Dividends received   |         |  | -                   |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | -         |
| Fines, penalties and forfeits  |         |  | -                   |                                | 10  |                                   |                               |                     |                                   |                   |   | 2 000                         |                                      |   |                                      |              | 2 010     |
| Licences and permits   |         |  | -                   |                                |   |                                   |                               |                     |                                   | 2 000             |   | 2 443                         |                                      |   |                                      |              | 4 443     |
| Agency services  |         |  | -                   |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | -         |
| Other revenue  |         |  | 999                 |                                | 148   | 254                               |                               |                     |                                   | 100               | 270   |                               |                                      |   |                                      |              | 1 771     |
| Transfers and subsidies  |         |  | 119 093             | 1 505                          | 4 052   | 37 740                            |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | 162 390   |
| Gains on disposal of PPE   |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              | -         |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |         | -                                      | 190 898             | 1 510                          | 4 308   | 37 994                            | 176 530                       | -                   | -                                 | 2 100             | 270   | 4 443                         | 20 284                               | 26 550  | 18 972                               | -            | 483 858   |
| <b>Expenditure By Type</b>   |         |  |                     |                                |   |                                   |                               |                     |                                   |                   |   |                               |                                      |   |                                      |              |           |
| Employee related costs   |         | 6 314                                  | 17 482              | 16 272                         | 11 238  | 11 129                            | 20 137                        | 2 135               |                                   | 1 829             | 4 192   | 12 079                        | 4 789                                | 18 622  | 15 547                               |              | 141 765   |
| Remuneration of councillors  |         | 17 650                                 | -                   | -                              | -   | -                                 | -                             | -                   |                                   | -                 | -   | -                             | -                                    | -   | -                                    |              | 17 650    |
| Debt impairment  |         | -                                      | -                   | -                              | -   | -                                 | -                             | -                   |                                   | -                 | -   | -                             | -                                    | -   | -                                    |              | -         |
| Depreciation & asset impairment                                      |         | 4 543                                  | 510                 | 5 676                          | 6 442   | 19 116                            | 21 240                        |                     |                                   | -                 | 40  | 42                            | 8 018                                | 10 737  | 11 682                               |              | 88 047    |
| Finance charges  |         | -                                      | 620                 | -                              | -   | -                                 | -                             |                     |                                   | -                 | -   | -                             | -                                    | -   | -                                    |              | 620       |
| Bulk purchases   |         | -                                      | -                   | -                              | -   | -                                 | 147 680                       |                     |                                   | -                 | -   | -                             | -                                    | 6 000   | -                                    |              | 153 680   |
| Other materials  |         | -                                      | 10                  | 1 122                          | 730   | 5 828                             | 6 166                         |                     |                                   | 1                 | -   | 405                           | 200                                  | 1 508   | 1 933                                |              | 17 902    |
| Contracted services  |         | 11 140                                 | 4 375               | 4 820                          | 6 970   | 22 800                            | 3 961                         |                     |                                   | -                 | 500   | 13 000                        | 12 691                               | 500   | 3 122                                |              | 83 879    |
| Transfers and subsidies  |         | -                                      | 3 577               | 1 505                          | -   | -                                 | 3 398                         |                     |                                   | -                 | -   | -                             | 4 960                                | 5 756   | 2 060                                |              | 21 256    |
| Other expenditure  |         | 32 120                                 | 3 870               | 2 707                          | 3 038   | 298                               | 7 547                         | 427                 |                                   | 28                | 8 363   | 2 044                         | 126                                  | 599   | 3 109                                |              | 64 276    |
| Loss on disposal of PPE  |         | -                                      | -                   | -                              | -   | -                                 | -                             |                     |                                   | -                 | -   | -                             | -                                    | -   | -                                    |              | -         |
| <b>Total Expenditure</b>   |         | 71 767                                 | 30 444              | 32 102                         | 28 418  | 59 171                            | 210 129                       | 2 562               | -                                 | 1 858             | 13 095  | 27 570                        | 30 783                               | 43 721  | 37 453                               | -            | 589 075   |
| <b>Surplus/(Deficit)</b>   |         | (71 767)                               | 160 454             | (30 592)                       | (24 111)  | (21 177)                          | (33 599)                      | (2 562)             | -                                 | 242               | (12 825)                                      | (23 127)                      | (10 499)                             | (17 171)                                      | (18 481)                             | -            | (105 217) |

|  |  |          |         |          |          |        |          |         |   |     |          |          |          |          |          |   |          |
|--|--|----------|---------|----------|----------|--------|----------|---------|---|-----|----------|----------|----------|----------|----------|---|----------|
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |  |          |         |          | 37 740   | 15 000 |          |         |   |     |          |          |          |          |          |   | 52 740   |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |  |          |         |          |          |        |          |         |   |     |          |          |          |          |          |   | -        |
| Transfers and subsidies - capital (in-kind - all)  |  |          |         |          |          |        |          |         |   |     |          |          |          |          |          |   | -        |
| Surplus/(Deficit) after capital transfers & contributions  |  | (71 767) | 160 454 | (30 592) | (24 111) | 16 563 | (18 599) | (2 562) | - | 242 | (12 825) | (23 127) | (10 499) | (17 171) | (18 481) | - | (52 477) |

Table 64 KZN263 Table SA3 – Supporting detail to Statement of Financial Position

| Description                                  | Ref | 2013/14         | 2014/15         | 2015/16         | Current Year 2016/17 |                 |                    |                   | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>ASSETS</b>                                |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <u>Call investment deposits</u>              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Call deposits                                |     | 41 643          | 26 071          | 16 580          | 16 580               | 8 302           | 8 302              | 8 302             | 8 302   | 8 302                  | 8 302                  |
| Other current investments                    |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Total Call investment deposits               | 2   | 41 643          | 26 071          | 16 580          | 16 580               | 8 302           | 8 302              | 8 302             | 8 302   | 8 302                  | 8 302                  |
| <u>Consumer debtors</u>                      |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Consumer debtors                             |     | 46 962          | 74 485          | 42 748          | 33 213               | 33 213          | 33 213             | 33 213            | 33 213  | 33 213                 | 33 213                 |
| <u>Less: Provision for debt impairment</u>   |     | (4 992)         | (4 968)         | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Total Consumer debtors                       | 2   | 41 970          | 69 517          | 42 748          | 33 213               | 33 213          | 33 213             | 33 213            | 33 213  | 33 213                 | 33 213                 |
| <u>Debt impairment provision</u>             |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Balance at the beginning of the year         |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Contributions to the provision               |     | (31 237)        | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Bad debts written off                        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Balance at end of year                       |     | (31 237)        | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <u>Property, plant and equipment (PPE)</u>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| PPE at cost/valuation (excl. finance leases) |     | 3 093 183       | 3 141 856       | 3 765 737       | 3 106 748            | 3 106 748       | 3 106 748          | 3 106 748         | 3 106 748   | 3 106 748              | 3 106 748              |
| Leases recognised as PPE                     | 3   | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <u>Less: Accumulated depreciation</u>        |     | 1 551 688       | 1 634 380       | 3 734 102       |                      |                 |                    |                   |   |                        |                        |

|   |   |           |           |           |           |           |           |           |           |           |           |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Property, plant and equipment (PPE)       | 2 | 1 541 495 | 1 507 476 | 31 635    | 3 106 748 | 3 106 748 | 3 106 748 | 3 106 748 | 3 106 748 | 3 106 748 | 3 106 748 |
| <b>LIABILITIES</b>                              |   |           |           |           |           |           |           |           |           |           |           |
| <u>Current liabilities - Borrowing</u>          |   |           |           |           |           |           |           |           |           |           |           |
| Short term loans (other than bank overdraft)    |   | 1 381     | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Current portion of long-term liabilities        |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Total Current liabilities - Borrowing           |   | 1 381     | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| <u>Trade and other payables</u>                 |   |           |           |           |           |           |           |           |           |           |           |
| Trade and other creditors                       |   | 57 094    | 66 129    | 31 980    | 69 646    | 69 646    | 69 646    | 69 646    | 69 646    | 69 646    | 69 646    |
| Unspent conditional transfers                   |   | 6 310     | 5 245     | -         | 8 036     | 8 036     | 8 036     | 8 036     | 8 036     | 8 036     | 8 036     |
| VAT   |   | (3 402)   | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Total Trade and other payables                  | 2 | 60 002    | 71 374    | 31 980    | 77 682    | 77 682    | 77 682    | 77 682    | 77 682    | 77 682    | 77 682    |
| <u>Non current liabilities - Borrowing</u>      |   |           |           |           |           |           |           |           |           |           |           |
| Borrowing                                       | 4 | -         | -         | 6 764     | -         | -         | -         | -         | -         | -         | -         |
| Finance leases (including PPP asset element)    |   | -         | -         | 124 677   | -         | -         | -         | -         | -         | -         | -         |
| Total Non current liabilities - Borrowing       |   | -         | -         | 131 440   | -         | -         | -         | -         | -         | -         | -         |
| <u>Provisions - non-current</u>                 |   |           |           |           |           |           |           |           |           |           |           |
| Retirement benefits                             |   | 36 565    | 62 275    | 62 275    | 69 279    | 69 279    | 69 279    | 69 279    | 69 279    | 69 279    | 69 279    |
| <i>List other major provision items</i>         |   |           |           |           |           |           |           |           |           |           |           |
| Refuse landfill site rehabilitation             |   | 53 122    | 55 632    | 61 334    | 61 334    | 61 334    | 61 334    | 61 334    | 61 334    | 61 334    | 61 334    |
| Other   |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Total Provisions - non-current                  |   | 89 687    | 117 907   | 123 609   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   | 130 613   |
| <b>CHANGES IN NET ASSETS</b>                    |   |           |           |           |           |           |           |           |           |           |           |
| <u>Accumulated Surplus/(Deficit)</u>            |   |           |           |           |           |           |           |           |           |           |           |
| Accumulated Surplus/(Deficit) - opening balance |   | 1 577 136 | 1 469 444 | 3 734 102 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 |

|                               |   |           |           |           |           |           |           |           |           |           |           |
|-------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| GRAP adjustments              |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Restated balance              |   | 1 577 136 | 1 469 444 | 3 734 102 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 | 1 393 322 |
| Surplus/(Deficit)             |   | 59 164    | 54 817    | 73 544    | (144 167) | (63 702)  | (45 975)  | (30 972)  | (55 542)  | (57 305)  | (62 805)  |
| Appropriations to Reserves    |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Transfers from Reserves       |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Depreciation offsets          |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Other adjustments             |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Accumulated Surplus/(Deficit) | 1 | 1 636 300 | 1 524 261 | 3 807 647 | 1 249 155 | 1 329 620 | 1 347 348 | 1 362 350 | 1 337 780 | 1 336 018 | 1 330 517 |
| <u>Reserves</u>               | - |           |           |           |           |           |           |           |           |           |           |
| Housing Development Fund      |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Capital replacement           |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Self-insurance                |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Other reserves                |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Revaluation                   |   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Total Reserves                | 2 | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 1 636 300 | 1 524 261 | 3 807 647 | 1 249 155 | 1 329 620 | 1 347 348 | 1 362 350 | 1 337 780 | 1 336 018 | 1 330 517 |

Table 65 KZN263 Table SA9 – Social, Economic and Demographic Statistics and Assumptions

| Description of economic indicator                   | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | 2017/18 Medium Term Revenue & Expenditure Framework |         |         |
|---|----------------------|-------------|-------------|-------------|---------|---------|---------|----------------------|---|---------|---------|
|   |                      |             |             |             | Outcome | Outcome | Outcome | Original Budget      | Outcome   | Outcome | Outcome |
| <b>Demographics</b>                                 |                      |             |             |             |         |         |         |                      |   |         |         |
| Population  |                      |             |             |             |         |         |         |                      |   |         |         |
| Females aged 5 - 14                                 |                      |             |             |             |         |         |         |                      |   |         |         |
| Males aged 5 - 14                                   |                      |             |             |             |         |         |         |                      |   |         |         |
| Females aged 15 - 34                                |                      |             |             |             |         |         |         |                      |   |         |         |
| Males aged 15 - 34                                  |                      |             |             |             |         |         |         |                      |   |         |         |
| Unemployment  |                      |             |             |             |         |         |         |                      |   |         |         |
| <b>Monthly household income (no. of households)</b> | -                    |             |             |             |         |         |         |                      |   |         |         |
| No income   |                      |             |             |             |         |         |         |                      |   |         |         |
| R1 - R1 600   |                      |             |             |             |         |         |         |                      |   |         |         |
| R1 601 - R3 200                                     |                      |             |             |             |         |         |         |                      |   |         |         |
| R3 201 - R6 400                                     |                      |             |             |             |         |         |         |                      |   |         |         |
| R6 401 - R12 800                                    |                      |             |             |             |         |         |         |                      |   |         |         |
| R12 801 - R25 600                                   |                      |             |             |             |         |         |         |                      |   |         |         |
| R25 601 - R51 200                                   |                      |             |             |             |         |         |         |                      |   |         |         |
| R52 201 - R102 400                                  |                      |             |             |             |         |         |         |                      |   |         |         |
| R102 401 - R204 800                                 |                      |             |             |             |         |         |         |                      |   |         |         |
| R204 801 - R409 600                                 |                      |             |             |             |         |         |         |                      |   |         |         |
| R409 601 - R819 200                                 |                      |             |             |             |         |         |         |                      |   |         |         |
| > R819 200  |                      |             |             |             |         |         |         |                      |   |         |         |
| <b>Poverty profiles (no. of households)</b>         |                      |             |             |             |         |         |         |                      |   |         |         |
| < R2 060 per household per month                    |                      |             |             |             |         |         |         |                      |   |         |         |
| Insert description                                  |                      |             |             |             |         |         |         |                      |   |         |         |
| <b>Household/demographics (000)</b>                 |                      |             |             |             |         |         |         |                      |   |         |         |
| Number of people in municipal area                  |                      |             |             |             |         |         |         |                      |   |         |         |
| Number of poor people in municipal area             |                      |             |             |             |         |         |         |                      |   |         |         |
| Number of households in municipal area              |                      |             |             |             |         |         |         |                      |   |         |         |
| Number of poor households in municipal area         |                      |             |             |             |         |         |         |                      |   |         |         |



| Description of economic indicator          | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | 2017/18 Medium Term Revenue & Expenditure Framework |         |         |
|--|----------------------|-------------|-------------|-------------|---------|---------|---------|----------------------|---|---------|---------|
|  |                      |             |             |             | Outcome | Outcome | Outcome | Original Budget      | Outcome   | Outcome | Outcome |
| Definition of poor household (R per month) |                      |             |             |             |         |         |         |                      |   |         |         |
| -  |                      |             |             |             |         |         |         |                      |   |         |         |
| <b>Housing statistics</b>                  |                      |             |             |             |         |         |         |                      |   |         |         |
| Formal                                     |                      |             |             |             |         |         |         |                      |   |         |         |
| Informal                                   |                      |             |             |             |         |         |         |                      |   |         |         |
| <b>Total number of households</b>          |                      | -           | -           | -           | -       | -       | -       | -                    | -   | -       | -       |
| Dwellings provided by municipality         |                      |             |             |             |         |         |         |                      |   |         |         |
| Dwellings provided by province/s           |                      |             |             |             |         |         |         |                      |   |         |         |
| Dwellings provided by private sector       |                      |             |             |             |         |         |         |                      |   |         |         |
| <b>Total new housing dwellings</b>         |                      | -           | -           | -           | -       | -       | -       | -                    | -   | -       | -       |
| <b>Economic</b>                            |                      |             |             |             |         |         |         |                      |   |         |         |
| Inflation/inflation outlook (CPIX)         |                      |             |             |             |         |         |         |                      |   |         |         |
| Interest rate - borrowing                  |                      |             |             |             |         |         |         |                      |   |         |         |
| Interest rate - investment                 |                      | -           | -           | -           |         |         |         |                      |   |         |         |
| Remuneration increases                     |                      |             |             |             |         |         |         |                      |   |         |         |
| Consumption growth (electricity)           |                      |             |             |             |         |         |         |                      |   |         |         |
| Consumption growth (water)                 |                      |             |             |             |         |         |         |                      |   |         |         |
| <b>Collection rates</b>                    |                      |             |             |             |         |         |         |                      |   |         |         |
| Property tax/service charges               |                      |             |             |             |         |         |         |                      |   |         |         |
| Rental of facilities & equipment           |                      |             |             |             |         |         |         |                      |   |         |         |
| Interest - external investments            |                      |             |             |             |         |         |         |                      |   |         |         |
| Interest - debtors                         |                      |             |             |             |         |         |         |                      |   |         |         |
| Revenue from agency services               |                      |             |             |             |         |         |         |                      |   |         |         |
|  |                      |             |             |             |         |         |         |                      |   |         |         |

| Total municipal services | Ref. |  | 2013/14        | 2014/15        | 2015/16        | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--------------------------|------|--|----------------|----------------|----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|                          |      |  | Outcome        | Outcome        | Outcome        | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
|                          |      | <b>Household service targets (000)</b>           |                |                |                |                      |                 |                    |   |                        |                        |
|                          |      | <u>Water:</u>                                    |                |                |                |                      |                 |                    |   |                        |                        |
|                          |      | Piped water inside dwelling                      | 17 237         | 17 237         | 34 261         | 67                   | 67              | 67                 | 67  | 67                     | 67                     |
|                          |      | Piped water inside yard (but not in dwelling)    | 14 020         | 14 020         | –              | 65                   | 65              | 65                 | 65  | 65                     | 65                     |
| 8                        |      | Using public tap (at least min.service level)    | 14             | 14             | 14             | 14                   | 14              | 14                 | 14  | 14                     | 14                     |
| 10                       |      | Other water supply (at least min.service level)  | 12             | 12             | 12             | 7                    | 7               | 7                  | 7   | 7                      | 7                      |
|                          |      | <i>Minimum Service Level and Above sub-total</i> | 31 283         | 31 283         | 34 287         | 153                  | 153             | 153                | 153   | 153                    | 153                    |
| 9                        |      | Using public tap (< min.service level)           | 3 207          | 3 207          | 3 207          | 3 207                | 3 207           | 3 207              | 3 207   | 3 207                  | 3 207                  |
| 10                       |      | Other water supply (< min.service level)         | 1 919          | 1 919          | 1 919          | 1 919                | 1 919           | 1 919              | 1 919   | 1 919                  | 1 919                  |
|                          |      | No water supply                                  | 40 232         | 40 232         | 40 232         | 40 232               | 40 232          | 40 232             | 40 232  | 40 232                 | 40 232                 |
|                          |      | <i>Below Minimum Service Level sub-total</i>     | 45 358         | 45 358         | 45 358         | 45 358               | 45 358          | 45 358             | 45 358  | 45 358                 | 45 358                 |
|                          |      | <b>Total number of households</b>                | <b>76 641</b>  | <b>76 641</b>  | <b>79 645</b>  | <b>45 511</b>        | <b>45 511</b>   | <b>45 511</b>      | <b>45 511</b>                                       | <b>45 511</b>          | <b>45 511</b>          |
|                          |      | <u>Sanitation/sewerage:</u>                      |                |                |                |                      |                 |                    |   |                        |                        |
|                          |      | Flush toilet (connected to sewerage)             | 68 157         | 68 157         | 68 157         | 68 157               | 68 157          | 68 157             | 68 157  | 68 157                 | 68 157                 |
|                          |      | Flush toilet (with septic tank)                  | 4 506          | 4 506          | 4 506          | 4 506                | 4 506           | 4 506              | 4 506   | 4 506                  | 4 506                  |
|                          |      | Chemical toilet                                  | 11 208         | 11 208         | 11 208         | 11 208               | 11 208          | 11 208             | 11 208  | 11 208                 | 11 208                 |
|                          |      | Pit toilet (ventilated)                          | 22 379         | 22 379         | 22 379         | 22 379               | 22 379          | 22 379             | 22 379  | 22 379                 | 22 379                 |
|                          |      | Other toilet provisions (> min.service level)    | –              | –              | –              | –                    | –               | –                  | –   | –                      | –                      |
|                          |      | <i>Minimum Service Level and Above sub-total</i> | 106 250        | 106 250        | 106 250        | 106 250              | 106 250         | 106 250            | 106 250   | 106 250                | 106 250                |
|                          |      | Bucket toilet                                    | 919            | 919            | 919            | 919                  | 919             | 919                | 919   | 919                    | 919                    |
|                          |      | Other toilet provisions (< min.service level)    | 53 876         | 53 876         | 53 876         | 53 876               | 53 876          | 53 876             | 53 876  | 53 876                 | 53 876                 |
|                          |      | No toilet provisions                             | 28 842         | 28 842         | 28 842         | 28 842               | 28 842          | 28 842             | 28 842  | 28 842                 | 28 842                 |
|                          |      | <i>Below Minimum Service Level sub-total</i>     | 83 637         | 83 637         | 83 637         | 83 637               | 83 637          | 83 637             | 83 637  | 83 637                 | 83 637                 |
|                          |      | <b>Total number of households</b>                | <b>189 887</b> | <b>189 887</b> | <b>189 887</b> | <b>189 887</b>       | <b>189 887</b>  | <b>189 887</b>     | <b>189 887</b>                                      | <b>189 887</b>         | <b>189 887</b>         |
|                          |      | <u>Energy:</u>                                   |                |                |                |                      |                 |                    |   |                        |                        |
|                          |      | Electricity (at least min.service level)         | 19 781         | 19 781         | 19 781         | 19 781               | 19 781          | 19 781             | 19 781  | 19 781                 | 19 781                 |
|                          |      | Electricity - prepaid (min.service level)        | –              | –              | –              | –                    | –               | –                  | –   | –                      | –                      |
|                          |      | <i>Minimum Service Level and Above sub-total</i> | 19 781         | 19 781         | 19 781         | 19 781               | 19 781          | 19 781             | 19 781  | 19 781                 | 19 781                 |
|                          |      | Electricity (< min.service level)                | –              | –              | –              | –                    | –               | –                  | –   | –                      | –                      |
|                          |      | Electricity - prepaid (< min. service level)     | –              | –              | –              | –                    | –               | –                  | –   | –                      | –                      |
|                          |      | Other energy sources                             | 3 243          | 3 243          | 3 243          | 3 243                | 3 243           | 3 243              | 3 243   | 3 243                  | 3 243                  |
|                          |      | <i>Below Minimum Service Level sub-total</i>     | 3 243          | 3 243          | 3 243          | 3 243                | 3 243           | 3 243              | 3 243   | 3 243                  | 3 243                  |
|                          |      | <b>Total number of households</b>                | <b>23 024</b>  | <b>23 024</b>  | <b>23 024</b>  | <b>23 024</b>        | <b>23 024</b>   | <b>23 024</b>      | <b>23 024</b>                                       | <b>23 024</b>          | <b>23 024</b>          |
|                          |      | <u>Refuse:</u>                                   |                |                |                |                      |                 |                    |   |                        |                        |

|                             |      |  |         |         |         |                      |                 |                    |   |                        |
|-----------------------------|------|--|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|
|                             |      | Removed at least once a week<br><i>Minimum Service Level and Above sub-total</i> | 11 257  | 11 257  | 11 257  | 11 257               | 11 257          | 11 257             | 11 257  | 11 257                 |
|                             |      | Removed less frequently than once a week   | 1 270   | 1 270   | 1 270   | 1 270                | 1 270           | 1 270              | 1 270   | 1 270                  |
|                             |      | Using communal refuse dump   | 1 763   | 1 763   | 1 763   | 1 763                | 1 763           | 1 763              | 1 763   | 1 763                  |
|                             |      | Using own refuse dump  | 105 738 | 105 738 | 105 738 | 105 738              | 105 738         | 105 738            | 105 738   | 105 738                |
|                             |      | Other rubbish disposal   | 3 816   | 3 816   | 3 816   | 3 816                | 3 816           | 3 816              | 3 816   | 3 816                  |
|                             |      | No rubbish disposal  | 15 010  | 15 010  | 15 010  | 15 010               | 15 010          | 15 010             | 15 010  | 15 010                 |
|                             |      | <i>Below Minimum Service Level sub-total</i>                                     | 127 597 | 127 597 | 127 597 | 127 597              | 127 597         | 127 597            | 127 597   | 127 597                |
|                             |      | Total number of households   | 138 854 | 138 854 | 138 854 | 138 854              | 138 854         | 138 854            | 138 854   | 138 854                |
| Municipal in-house services |      |  | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |
|                             | Ref. |  | Outcome | Outcome | Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 |
|                             |      | <b><u>Household service targets (000)</u></b>                                    |         |         |         |                      |                 |                    |   |                        |
|                             |      | <b><u>Water:</u></b>   |         |         |         |                      |                 |                    |   |                        |
|                             |      | Piped water inside dwelling  | 17 237  | 17 237  | 34 261  | 67                   | 67              | 67                 | 67  | 67                     |
|                             |      | Piped water inside yard (but not in dwelling)                                    | 14 020  | 14 020  | –       | 65                   | 65              | 65                 | 65  | 65                     |
| 8                           |      | Using public tap (at least min.service level)                                    | 14      | 14      | 14      | 14                   | 14              | 14                 | 14  | 14                     |
| 10                          |      | Other water supply (at least min.service level)                                  | 12      | 12      | 12      | 7                    | 7               | 7                  | 7   | 7                      |
|                             |      | <i>Minimum Service Level and Above sub-total</i>                                 | 31 283  | 31 283  | 34 287  | 153                  | 153             | 153                | 153   | 153                    |
| 9                           |      | Using public tap (< min.service level)   | 3 207   | 3 207   | 3 207   | 3 207                | 3 207           | 3 207              | 3 207   | 3 207                  |
| 10                          |      | Other water supply (< min.service level)   | 1 919   | 1 919   | 1 919   | 1 919                | 1 919           | 1 919              | 1 919   | 1 919                  |
|                             |      | No water supply  | 40 232  | 40 232  | 40 232  | 40 232               | 40 232          | 40 232             | 40 232  | 40 232                 |
|                             |      | <i>Below Minimum Service Level sub-total</i>                                     | 45 358  | 45 358  | 45 358  | 45 358               | 45 358          | 45 358             | 45 358  | 45 358                 |
|                             |      | Total number of households   | 76 641  | 76 641  | 79 645  | 45 511               | 45 511          | 45 511             | 45 511  | 45 511                 |
|                             |      | <b><u>Sanitation/sewerage:</u></b>   |         |         |         |                      |                 |                    |   |                        |
|                             |      | Flush toilet (connected to sewerage)   | 68 157  | 68 157  | 68 157  | 68 157               | 68 157          | 68 157             | 68 157  | 68 157                 |
|                             |      | Flush toilet (with septic tank)  | 4 506   | 4 506   | 4 506   | 4 506                | 4 506           | 4 506              | 4 506   | 4 506                  |
|                             |      | Chemical toilet  | 11 208  | 11 208  | 11 208  | 11 208               | 11 208          | 11 208             | 11 208  | 11 208                 |
|                             |      | Pit toilet (ventilated)  | 22 379  | 22 379  | 22 379  | 22 379               | 22 379          | 22 379             | 22 379  | 22 379                 |
|                             |      | Other toilet provisions (> min.service level)                                    |         |         |         |                      |                 |                    |   |                        |
|                             |      | <i>Minimum Service Level and Above sub-total</i>                                 | 106 250 | 106 250 | 106 250 | 106 250              | 106 250         | 106 250            | 106 250   | 106 250                |
|                             |      | Bucket toilet  | 919     | 919     | 919     | 919                  | 919             | 919                | 919   | 919                    |
|                             |      | Other toilet provisions (< min.service level)                                    | 53 876  | 53 876  | 53 876  | 53 876               | 53 876          | 53 876             | 53 876  | 53 876                 |
|                             |      | No toilet provisions   | 28 842  | 28 842  | 28 842  | 28 842               | 28 842          | 28 842             | 28 842  | 28 842                 |
|                             |      | <i>Below Minimum Service Level sub-total</i>                                     | 83 637  | 83 637  | 83 637  | 83 637               | 83 637          | 83 637             | 83 637  | 83 637                 |

|  |         |         |         |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total number of households                       | 189 887 | 189 887 | 189 887 | 189 887 | 189 887 | 189 887 | 189 887 | 189 887 | 189 887 |
| <u>Energy:</u>                                   |         |         |         |         |         |         |         |         |         |
| Electricity (at least min.service level)         | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  |
| Electricity - prepaid (min.service level)        |         |         |         |         |         |         |         |         |         |
| <i>Minimum Service Level and Above sub-total</i> | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  | 19 781  |
| Electricity (< min.service level)                |         |         |         |         |         |         |         |         |         |
| Electricity - prepaid (< min. service level)     |         |         |         |         |         |         |         |         |         |
| Other energy sources                             | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   |
| <i>Below Minimum Service Level sub-total</i>     | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   | 3 243   |
| Total number of households                       | 23 024  | 23 024  | 23 024  | 23 024  | 23 024  | 23 024  | 23 024  | 23 024  | 23 024  |
| <u>Refuse:</u>                                   |         |         |         |         |         |         |         |         |         |
| Removed at least once a week                     | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  |
| <i>Minimum Service Level and Above sub-total</i> | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  | 11 257  |
| Removed less frequently than once a week         | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   | 1 270   |
| Using communal refuse dump                       | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   | 1 763   |
| Using own refuse dump                            | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 | 105 738 |
| Other rubbish disposal                           | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   | 3 816   |
| No rubbish disposal                              | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  | 15 010  |
| <i>Below Minimum Service Level sub-total</i>     | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 | 127 597 |
| Total number of households                       | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 | 138 854 |

| Detail of Free Basic Services (FBS) provided |     |  | 2013/14   | 2014/15   | 2015/16   | Current Year 2016/17 |                 |                    | 2017/18 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|--|-----------|-----------|-----------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     |  | Outcome   | Outcome   | Outcome   | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2017/18                                 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| Electricity                                  | Ref |  |           |           |           |                      |                 |                    |   |                        |                        |
|  |     | <u>Location of households for each type of FBS</u>   |           |           |           |                      |                 |                    |   |                        |                        |
| List type of FBS service                     |     | Formal settlements - (50 kwh per indigent household per month R'000)<br>Number of HH receiving this type of FBS<br><br>Informal settlements (R'000)<br>Number of HH receiving this type of FBS<br><br>Informal settlements targeted for upgrading (R'000)<br>Number of HH receiving this type of FBS<br><br>Living in informal backyard rental agreement (R'000)<br>Number of HH receiving this type of FBS<br><br>Other (R'000)<br>Number of HH receiving this type of FBS      | 2 698 000 | 2 000 000 | 2 000 000 | 1 599 000            | 3 200 000       | 2 901 531          | 3 398 400   | 3 598 906              | 3 811 241              |
|  |     | Total cost of FBS - Electricity for informal settlements   | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Water  | Ref |  |           |           |           |                      |                 |                    |   |                        |                        |
|  |     | <u>Location of households for each type of FBS</u>   |           |           |           |                      |                 |                    |   |                        |                        |
| List type of FBS service                     |     | Formal settlements - (6 kilolitre per indigent household per month R'000)<br>Number of HH receiving this type of FBS<br><br>Informal settlements (R'000)<br>Number of HH receiving this type of FBS<br><br>Informal settlements targeted for upgrading (R'000)<br>Number of HH receiving this type of FBS<br><br>Living in informal backyard rental agreement (R'000)<br>Number of HH receiving this type of FBS<br><br>Other (R'000)<br>Number of HH receiving this type of FBS | 2 091 364 | 2 580 000 | 2 800 000 | 3 198 000            | 1 940 000       | 1 912 559          | 2 060 280   | 2 181 837              | 2 310 565              |
|  |     | Total cost of FBS - Water for informal settlements   | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation                                   | Ref |  |           |           |           |                      |                 |                    |   |                        |                        |
|  |     | <u>Location of households for each type of FBS</u>   |           |           |           |                      |                 |                    |   |                        |                        |
| List type of FBS service                     |     | Formal settlements - (free sanitation service to indigent households)  | 3 631 980 | 4 700 000 | 4 500 000 | 5 969 600            | 5 420 000       | 5 523 874          | 5 756 040   | 6 095 646              | 6 455 289              |

|                          |     |  |           |           |           |           |           |           |           |           |           |
|--------------------------|-----|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                          |     | <i>Number of HH receiving this type of FBS</i><br><b>Informal settlements (R'000)</b><br><i>Number of HH receiving this type of FBS</i><br><b>Informal settlements targeted for upgrading (R'000)</b><br><i>Number of HH receiving this type of FBS</i><br><b>Living in informal backyard rental agreement (R'000)</b><br><i>Number of HH receiving this type of FBS</i><br><b>Other (R'000)</b><br><i>Number of HH receiving this type of FBS</i>   |           |           |           |           |           |           |           |           |           |
|                          |     | <b>Total cost of FBS - Sanitation for informal settlements</b>   | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Refuse Removal           | Ref |  |           |           |           |           |           |           |           |           |           |
|                          |     | <u><b>Location of households for each type of FBS</b></u>  |           |           |           |           |           |           |           |           |           |
| List type of FBS service |     | <b>Formal settlements - (removed once a week to indigent households)</b><br><i>Number of HH receiving this type of FBS</i><br><b>Informal settlements (R'000)</b><br><i>Number of HH receiving this type of FBS</i><br><b>Informal settlements targeted for upgrading (R'000)</b><br><i>Number of HH receiving this type of FBS</i><br><b>Living in informal backyard rental agreement (R'000)</b><br><i>Number of HH receiving this type of FBS</i><br><b>Other (R'000)</b><br><i>Number of HH receiving this type of FBS</i> | 2 702 300 | 3 500 000 | 3 500 000 | 4 690 400 | 4 670 000 | 4 664 688 | 4 959 540 | 5 252 153 | 5 562 030 |
|                          |     | <b>Total cost of FBS - Refuse Removal for informal settlements</b>   | -         | -         | -         | -         | -         | -         | -         | -         | -         |

**Table 66 KZN263 SA32 – List of External Mechanisms**

| External mechanism<br><br>Name of organisation | Yrs/<br>Mths | Period of<br>agreement 1. | Service provided          | Expiry date of service<br>delivery agreement or<br>contract | Monetary value<br>of agreement 2. |
|--|--------------|---------------------------|---------------------------|---|-----------------------------------|
|  |              | Number                    |                           |   | R thousand                        |
| Dolphin Coast                                  |              |                           | Refuse Removal            |   | 7 072                             |
| Zamakhumalo                                    |              |                           | Refuse Removal            |   | 2 454                             |
| BJM Plant Hire                                 |              |                           | Refuse Dump               |   | 3 600                             |
| LK Security                                    |              |                           | Security                  |   | 6 787                             |
| Sharks   |              |                           | Security                  |   | 3 110                             |
| RIS Motors                                     |              |                           | Car Rental                |   | 4 600                             |
| DDP Valuers                                    |              |                           | Valuation Roll            |   | 360                               |
| Quantum Leap Investments                       |              |                           | Grass cutting & cleaning  |   | 6 238                             |
| Shalom Security                                |              |                           | Caretakers at dam         |   | 89                                |
| Smart Office Connection                        |              |                           | Office Machine Rental     |   | 238                               |
| Centrafin                                      |              |                           | Office Machine Rental     |   | 63                                |
| Konica Minolta                                 |              |                           | Office Machine Rental     |   | 258                               |
| Protea Coin                                    |              |                           | Cash Collection           |   | 308                               |
| Munsoft  |              |                           | IT Rental                 |   | 1 007                             |
| Payday   |              |                           | Payroll Support           |   | 84                                |
| Total Client Services                          |              |                           | Traffic Summons System    |   | 81                                |
| Nashua   |              |                           | Office Machine Rental     |   | 63                                |
| Otis   |              |                           | Office Machine Rental     |   | 15                                |
| Link Up Security                               |              |                           | After Hours Monitoring    |   | 547                               |
| KD Electrical                                  |              |                           | Meter Reading             |   | 290                               |
| Municipal Incorp                               |              |                           | Meter Reading             |   | 1 000                             |
| KEV  |              |                           | Meter Reading             |   | 1 006                             |
| Aqua Transport                                 |              |                           | Leasing of Graders        |   | 7 815                             |
| Wesbank Vehicle Hire                           |              |                           | Car Rental                |   | 6 050                             |
| Steiner Hygiene                                |              |                           | Hygiene suppliers         |   | 90                                |
| Brandfin                                       |              |                           | Speed Fine Machine Rental |   | 145                               |

Our Ref.:  
Your Ref.

Enquiries:  
Dept.: Finance



✉ 57, VRYHEID 3100

c/o, Mark & High Street



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### QUALITY CERTIFICATE

I, **H D ZULU**, Acting Municipal Manager of **ABAQULUSI MUNICIPALITY**, hereby certify that:  
(mark as appropriate)

- ☐ The monthly budget statement
- ☐ Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- ☐ Mid-year budget and performance assessment
- ☒ Draft Medium Term Budget

For the Draft Medium Term Budget for 2017/18 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**H D ZULU**  
**ACTING MUNICIPAL MANAGER**  
**ABAQULUSI MUNICIPALITY**  
**KZN263**

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_



***Annexure A - Tariffs***

***Annexure B - Government Provincial Allocation***

## ***Annexure C - “A” Schedule***

## ***Annexure D - Signing Budget Locking Certificate***

***Certification that the adopted budget for 2017/18 is correctly captured and locked on the municipality's financial management system***

(as requested by National Treasury in terms of section 74 of the MFMA, with reference to paragraph 6.3 of MFMA Budget Circular 59 dated 16 March 2012)

*I, ....., in my capacity as accounting officer of the municipality, hereby certify that:*

- *The adopted annual budget has been captured on the municipality's financial system;*
- *There is 100 per cent reconciliation between the budget on the system and the budget adopted by council;*
- *The adopted annual budget on the municipality's financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and*
- *The relevant budget return forms have been submitted to the local government database.*

*I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:*

- *a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and*
- *an adjustments budget approved by council.*

*Print Name* \_\_\_\_\_

*Municipal manager of* \_\_\_\_\_  
*(name and demarcation code of municipality)*

*Signature* \_\_\_\_\_

*Date* \_\_\_\_\_

*This certificate must be submitted to National Treasury by close of business 7 April 2017 at the following email address: [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za).*

*Also send copies to the Auditor General and the relevant provincial treasury*

## ***Annexure E - Service Level Standards***

| Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table  |   |
|--|---|
| Description<br>Standard  | Service Level   |
| <b>Solid Waste Removal</b>   |   |
| Premise based removal (Residential Frequency)  | Weekly  |
| Premise based removal (Business Frequency)   | Daily   |
| Bulk Removal (Frequency)   | Weekly  |
| Removal Bags provided(Yes/No)  | No  |
| Garden refuse removal Included (Yes/No)  | No  |
| Street Cleaning Frequency in CBD   | Daily   |
| Street Cleaning Frequency in areas excluding CBD   | No  |
| How soon are public areas cleaned after events (24hours/48hours/longer)  | 48 hours  |
| Clearing of illegal dumping (24hours/48hours/longer)   | Longer  |
| Recycling or environmentally friendly practices(Yes/No)  | No  |
| Licenced landfill site(Yes/No)   | Yes   |
|  |   |
| <b>Water Service</b>   |   |
| Water Quality rating (Blue/Green/Brown/N0 drop)  | No drop   |
| Is free water available to all? (All/only to the indigent consumers)   | Only to indigent consumers and consumers in ZDM areas who are not metered |
| Frequency of meter reading? (per month, per year)  | Monthly   |
| Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)                      | Read on a monthly basis   |
| On average for how long does the municipality use estimates before reverting back to actual readings? (months)                 | N/A   |
| <b>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</b> |   |
| One service connection affected (number of hours)  | 4 hours   |
| Up to 5 service connection affected (number of hours)  | 4 hours   |
| Up to 20 service connection affected (number of hours)   | 16 hours  |
| Feeder pipe larger than 800mm (number of hours)  | 24 hours  |
| What is the average minimum water flow in your municipality?   | 240 mg lt/month   |
| Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)                | No  |
| How long does it take to replace faulty water meters? (days)   | 1 hour  |
| Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)                                  | No  |

| Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table  |  |
|--|--|
| Description<br>Standard  | Service Level                          |
| <b>Electricity Service</b>   |  |
| What is your electricity availability percentage on average per month?   | 100%                                   |
| Do your municipality have a ripple control in place that is operational? (Yes/No)  | Yes                                    |
| How much do you estimate is the cost saving in utilizing the ripple control system?  | Via load control                       |
| What is the frequency of meters being read? (per month, per year)  | Monthly                                |
| Are estimated consumption calculated at consumption over (two month's/three month's/longer period)   | Read on a monthly basis                |
| On average for how long does the municipality use estimates before reverting back to actual readings? (months)                                     | N/A                                    |
| Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)                                | Immediately where possible             |
| Are accounts normally calculated on actual readings? (Yes/no)  | Yes                                    |
| Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)                                    | No                                     |
| How long does it take to replace faulty meters? (days)   | Within 30 days                         |
| Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)  | Yes, tender has been drawn up          |
| How effective is the action plan in curbing line losses? (Good/Bad)  | Not in use at the moment               |
| How soon does the municipality provide a quotation to a customer upon a written request? (days)  | Within 7 days                          |
| How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)                      | Within 10 days                         |
| How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)  | Within 10 days                         |
| How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days) | Within 30 days                         |
| <b>Sewerage Service</b>  |  |
| Are your purification system effective enough to put water back in to the system after purification?   | Yes                                    |
| To what extend do you subsidize your indigent consumers?   | Indigent consumers get subsidized 100% |
| <b>How long does it take to restore sewerage breakages on average</b>  |  |
| Severe overflow? (hours)   | 24 hours                               |
| Sewer blocked pipes: Large pipes? (Hours)  | 4 hours                                |
| Sewer blocked pipes: Small pipes? (Hours)  | 1 hour                                 |
| Spillage clean-up? (hours)   | 1 hour                                 |

| Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table  |  |
|--|--|
| Description<br>Standard  | Service Level                            |
| Replacement of manhole covers? (Hours)   | 1 hour                                   |
|  |  |
| <b>Road Infrastructure Services</b>  |  |
| Time taken to repair a single pothole on a major road? (Hours)   | 2 hours                                  |
| Time taken to repair a single pothole on a minor road? (Hours)   | 1 hour                                   |
| Time taken to repair a road following an open trench service crossing? (Hours)   | 8 hours                                  |
| Time taken to repair walkways? (Hours)   | 4 hours                                  |
|  |  |
| <b>Property valuations</b>   |  |
| How long does it take on average from completion to the first account being issued? (one month/three months or longer)                                     | One month                                |
| Do you have any special rating properties? (Yes/No)  | No                                       |
|  |  |
| <b>Financial Management</b>  |  |
| Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)   | Yes it is decreasing                     |
| Are the financial statement outsourced? (Yes/No)   | AFS are compiled in conjunction with PWC |
| Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?                                | Yes                                      |
| How long does it take for an Tax/Invoice to be paid from the date it has been received?  | 30 days                                  |
| Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans? | No                                       |
|  |  |
| <b>Administration</b>  |  |
| Reaction time on enquiries and requests?   | 7 working days                           |
| Time to respond to a verbal customer enquiry or request? (working days)  | 7 working days                           |
| Time to respond to a written customer enquiry or request? (working days)   | 7 working days                           |
| Time to resolve a customer enquiry or request? (working days)  | 7 working days                           |
| What percentage of calls are not answered? (5%,10% or more)  | 5%                                       |
| How long does it take to respond to voice mails? (hours)   | N/A                                      |
| Does the municipality have control over locked enquiries? (Yes/No)   | No                                       |



| Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table   |               |
|---|---------------|
| Description<br>Standard   | Service Level |
| Is there a reduction in the number of complaints or not? (Yes/No)   | Yes           |
| How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)   | 1 day         |
| How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings? | Not often     |
|   |               |
| <b>Community safety and licensing services</b>  |               |
| How long does it take to register a vehicle? (minutes)  | 60 minutes    |
| How long does it take to renew a vehicle license? (minutes)   | 60 minutes    |
| How long does it take to issue a duplicate registration certificate vehicle? (minutes)  | 60 minutes    |
| How long does it take to de-register a vehicle? (minutes)   | 60 minutes    |
| How long does it take to renew a drivers license? (minutes)   | 60 minutes    |
| What is the average reaction time of the fire service to an incident? (minutes)   | 60 minutes    |
| What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)  | N/A           |
| What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)  | N/A           |
|   |               |
| <b>Economic development</b>   |               |
|   | 3             |
| How many economic development projects does the municipality drive?   |               |
| How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?          | 5             |
| What percentage of the projects have created sustainable job security?  | 5%            |

| Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table   |               |
|---|---------------|
| Description<br>Standard   | Service Level |
| Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No) | No            |
| <b>Other Service delivery and communication</b>   |               |
| Is a information package handed to the new customer? (Yes/No)   | No            |
| Does the municipality have training or information sessions to inform the community? (Yes/No)                                 | No            |
| Are customers treated in a professional and humanly manner? (Yes/No)  | Yes           |

## ***Annexure G - Policies***

